

## STATE OF MARYLAND ACTION PLAN

### INTRODUCTION/EXECUTIVE SUMMARY

Maryland's Consolidated Plan is a joint planning document and funding application required by the U.S. Department of Housing and Urban Development (HUD) under the National Affordable Housing Act. The Plan covers a five-year period and is updated annually in order for the State to apply for HUD funding under several different HUD programs, as well as to set planning goals for the coming year.

**This document is the Action Plan for Federal Fiscal Year 2013 funding, which covers the period July 1, 2013 through June 30, 2014, AKA State Fiscal Year 2014, the fourth year of the current Five-Year Plan.** It contains the goals and objectives for the first year of the State's 5-year plan. As a planning document, the Consolidated Plan is designed to coordinate Federal (and to a lesser extent State) resources to provide all Maryland citizens with:

- **Decent housing,**
- **Economic opportunities, and**
- **An acceptable living environment.**

#### **What is Consolidated?**

The Consolidated Plan is called the Consolidated Plan because it combines all of the planning and application requirements of HUD's four main formula programs into a single Plan. The Plan's main thrust as a planning document is to develop policies and procedures and to target resources to carry out the three main goals listed above. As an application for funding, the Consolidated Plan must be submitted to HUD in order to receive funding for the following programs:

- **Community Development Block Grants (CDBG),**
- **HOME Investment Partnerships Program (HOME)**
- **Emergency Shelter Grants (ESG), and**
- **Housing Opportunities for Persons With AIDS (HOPWA)**

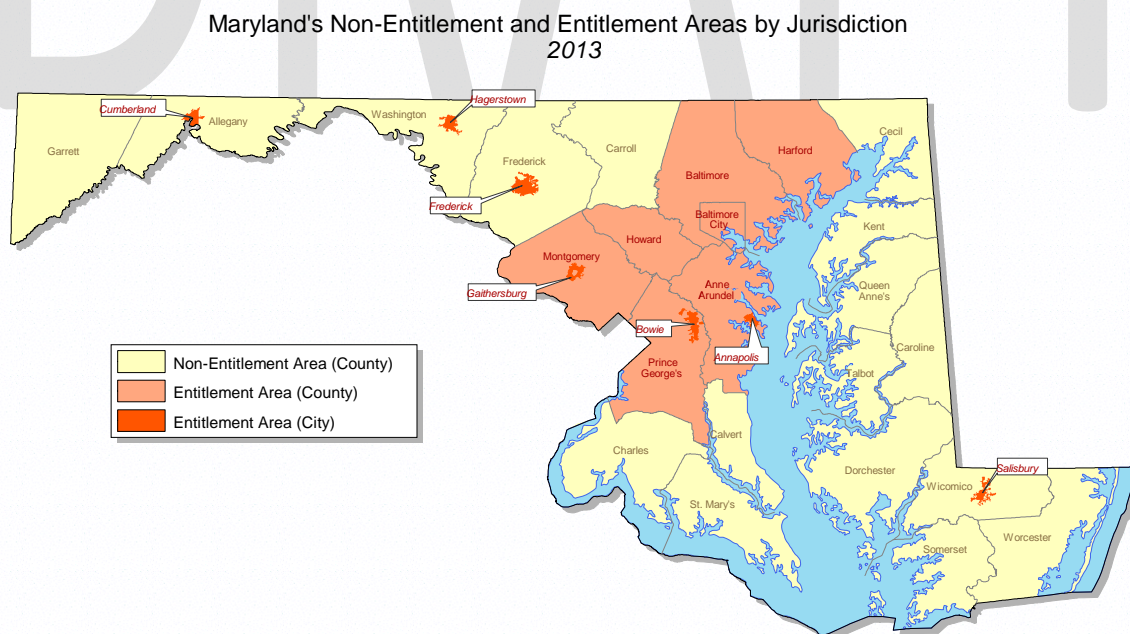
In addition, the Plan makes it possible for State agencies, local governments, nonprofit developers, Community Action Agencies and others to apply for funding under competitive HUD programs. These include the competitive portion of the Housing Opportunities for Persons With AIDS program, as well as Lead Paint Abatement, Section 202 (Elderly Housing), Section 811 (Housing for the Disabled), McKinney Act and HEARTH Act (Homeless) and HOPE (Public Housing) funds, among others.

Eligible applicants vary from program to program, with some programs open to virtually any housing provider, while others are limited only to non-profit agencies, others only to public housing authorities, etc. Regardless of who applies for assistance, applications under these

programs must be certified as being consistent with the Consolidated Plan at the appropriate level.

State agencies, as well as many non-profit corporations, public housing authorities and others have successfully competed for funding under these competitive programs in the past. The State strongly supports applications for any activities under these programs, or any other programs, including those for which regulations are being developed, which carry out the goals of the Consolidated Plan. In addition, it should be noted that while not directly covered by the Consolidated Plan, HUD's funding allocations for the Section 8 Voucher Program is to be made in a way that enables participating jurisdictions to carry out their own Consolidated Plans. Also, Public Housing Authorities (PHAs) must prepare their own PHA Plans which also must be consistent with the Consolidated Plan.

It should be noted that the State's Consolidated Plan primarily focuses on the State's **non-entitlement** jurisdictions. The non-entitlement jurisdictions are areas, primarily rural, which do not receive direct allocations of Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grants (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds directly from HUD. Rather, the State administers these funds on their behalf. The State's entitlement jurisdictions which are NOT covered by the State's Plan – because they receive direct funding from HUD - are Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties, and the Cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown and Salisbury. All other areas in the State fall under the State's Consolidated Plan. The map below shows the State's entitlement and non entitlement jurisdictions.



It should also be noted, however, that because all of the State's own housing, community development, and economic development programs are operated on a Statewide basis, and that some federal programs (such as Federal Low-Income Housing Tax Credits) are also funded on a Statewide basis, some aspects of the State's Plan may affect entitlement jurisdictions as well as non-entitlements. In addition, in the case of the federal HOPWA program, monies awarded to the Montgomery County/Frederick County Service area are managed by the State Department of Health and Mental Hygiene (DHMH) on behalf of the City of Gaithersburg. HOPWA funds, by law, must be provided to a City, however, Gaithersburg officials turn the HOPWA money back to the State to administer as their housing office is too small to operate in the Montgomery/Frederick County service area. See the "Specific Information" section below for more detail regarding how the HOPWA program is managed in these counties.

#### ACCOMPLISHMENTS TO DATE

As noted above, this Action Plan is for the third year of the Five-Year Consolidated Plan. Last year, the State set a series of one-year goals in carrying out the Plan. The year one and year two goals and their status is set forth below.

#### YEAR ONE GOALS

**GOAL: Rental Housing Preservation** – DHCD will continue undertaking efforts under a rental housing preservation initiative funded by the John D. and Catherine T. McArthur Foundation. Over the next 10 years, DHCD will seek to increase rental housing preservation by 9,000 units over its "baseline" production levels in eight (8) Counties impacted by the federal Base Realignment and Closure (BRAC) process. MacArthur Foundation funding totaling \$4.5 million will enable DHCD to undertake a comprehensive approach toward systemic streamlining and financing to increase production levels in these targeted Counties. **STATUS:** Underway and ongoing. DHCD has closed 2 interim loans to purchase property for future development with Preservation Loan Funds (local, State, and McArthur funds). One loan was repaid February 2013 as it went to closing for major rehabilitation and a second loan closed in December 2012.

**GOAL: State Development Plan, State Housing Plan and State Transportation Plan** – DHCD will continue to work with the Maryland Department of Planning (MDP), Maryland Department of Transportation (MDOT), Maryland Department of Environment and other State Department's and agencies in the Development of a State Development Plan, State Housing Plan, and State Transportation Plan as mandated by legislation passed by the Maryland General Assembly. These plans will cover all areas of the State and will be used to better coordinate resources and growth in Maryland. MDP will be the lead in this effort through **PlanMaryland**, the State's first comprehensive plan for sustainable growth and development. **STATUS:** Underway and ongoing. A draft of PlanMaryland has been released, a work group focused on the State Housing Plan is at work.

**GOAL: Sustainable Communities** - DHCD will work with local governments and other partners to undertake regional planning efforts that will coordinate housing, transportation, and infrastructure development under HUD's new Sustainable Communities Initiative. (NOTE: HUD



is requesting comment on its proposed regulations at press time, the final form of the State role will be determined based on HUD's final regulations.) In addition, DHCD, working with MDOT, MDE and other State agencies, will work to implement the State's own Sustainable Communities legislation that coordinates areas for State investment into one framework – that will help State agencies and local governments better coordinate State investment and focus investment for the benefit of local communities. **STATUS:** The State is working to implement the State's only sustainable communities legislation. The State did not receive any federal funding under HUD's Sustainable Communities initiative. Congress has since zeroed out any implementation funding for the HUD program, however, planning money will be available in the coming year.

**GOAL: Choice Neighborhoods** – DHCD will partner with PHAs and units of local governments where appropriate to help undertake projects under HUD's new Choice Neighborhoods Initiative. (NOTE: HUD regulations are pending at press time, so the ultimate role of the State is to be determined.) **STATUS:** Congress did not fund this initiative, choosing instead to continue with the HOPE VI program. DHCD continues to work with its local PHA partners in providing quality housing and neighborhoods for PHA residents.



**GOAL: Housing Trust Fund** – Congress has authorized, but not funded the National Affordable Housing Trust Fund. Should funding become available, DHCD will use these resources to provide affordable rental housing to extremely low-income households, with the vast majority of the funds focused on assisting in the development of affordable rental housing (a minimum of 90 percent of the funds must be used for rental housing, primarily serving households earning less than 30 percent of median income.) **STATUS:** On hold. Congress has not funded this program, although some members continue to look for a source of funding.

**GOAL: Energy Efficiency** – DHCD will work with HUD, DOE, the Maryland Energy Administration (MEA), and other partners to improve energy efficiency in housing DHCD rehabilitates or finances. DHCD has received funding for MEA to improve energy efficiency in multi-family properties, as well as DOE to weatherize single family homes. DHCD has also applied for competitive funding from DOE to carry out additional housing programs that will provide for more energy efficient housing (application pending at this time.) **STATUS:** Underway and ongoing. DHCD revised its QAP to give more points for green and energy efficient building, and is leveraging resources from DOE and other agencies to improve energy efficiency in housing units throughout the State.

**GOAL: Infrastructure Bond Program** – DHCD will expand the use and availability of its Infrastructure Bond program to help promote community development activities. This was made possible by a series of bills passed by the General Assembly and signed by the Governor that creates a capital reserve fund for the program. **STATUS:** Underway and ongoing. DHCD expects to close on new bond this program year.

**GOAL: Foreclosure Prevention** – DHCD will work with HUD, Treasury, and the State's Department of Labor, Licensing and Regulation to implement a series of measures to help address the State's foreclosure problems. This includes providing enhanced notices to renters who are occupants of foreclosed properties for actions against their landlords, revising the State's mortgage lender and mortgage loans laws to conform with the federal Secure and Fair Enforcement Mortgage Licensing Act, working with Government sponsored enterprises to

purchase mortgage backed securities. In addition, effective July 1, 2010, the State's new foreclosure mediation legislation will go into effect. This will give homeowners the right to mediation if they file both the necessary paperwork and a fee to cover mitigation costs.

**STATUS:** Underway and ongoing. Laws are being enforced, and the mediation program is underway. In addition, DHCD received funding from HUD (see new one-year goals below) for foreclosure prevention activities.

**GOAL: Housing Counseling** – DHCD will continue to work to provide resources for Housing Counseling by continuing to pursue funding from HUD, NeighborWorks America and other available resources. **STATUS:** On going and underway. While the federal government eliminated funding for HUD's housing counseling program, funding is available from NeighborWorks. More significantly, as part of the foreclosure prevention laws noted above, one provision was that institutions filing for foreclosure are required to pay a fee into a State housing counseling fund to provide counseling resources. These fees have generated about \$3 million so far, which will help make up funding lost from the federal government.

**GOAL: DOE Grant** – DHCD has been awarded \$20 million from the Department of Energy to it undertake energy efficiency measures. The grant provides for an allocation of \$4.6 million for homeownership activities (including loans for energy efficiency retrofits, energy efficiency mortgages with a quarter of an interest point reduction for homes with Energy Star appliances and a retrofit, and a partnership with Habitat for Humanity for energy retrofit loans). An additional \$6 million is allocated for loans for multifamily energy efficiency retrofits and \$6 million in loans to small businesses for energy efficiency retrofits. Additionally, \$600,000 is allocated for the development and implementation of an energy efficiency purchasing cooperative, and \$600,000 is allocated for a codes training and implementation component. These activities are being targeted within 15 Maryland Main Street communities to create economies of scale. Funds must be leveraged by at least 5:1 by other funds, which include other affordable housing development funds (LIHTC, RHPP), community legacy, NBW, mortgage funds and others. The initial grant period is three years, but the intent of the grant is that programs that receive funding will be sustainable beyond the grant funding period. There are no income restrictions for this funding, which will allow us to reach more moderate-income consumers, but 60% of program funds must be spent within areas that were not eligible for DOE's formulaic allocations of EECBG funds. **STATUS:** On-going and underway.

#### YEAR TWO GOALS

**Rental Housing Preservation** – DHCD will continue undertaking efforts under a rental housing preservation initiative funded by the John D. and Catherine T. McArthur Foundation. Over 10 years, DHCD will seek to increase rental housing preservation by 9,000 units over its "baseline" production levels in nine (9) Counties impacted by the federal Base Realignment and Closure (BRAC) process. MacArthur Foundation funding totaling \$4.5 million will enable DHCD to undertake a comprehensive approach toward systemic streamlining and financing to increase production levels in these targeted Counties. **STATUS:** On-going and underway. Market studies were completed for 9 counties and posted on DHCD website. A new contract was signed August 2012 to update the 9 market studies with new data. LEED training has been provided to DHCD staff and other partners. Energy audits have been completed for several MF



properties. Four counties have joined the Preservation Compact and contributed matching funds.

**State Development Plan, State Housing Plan and State Transportation Plan** – DHCD will continue to work with the Maryland Department of Planning (MDP), Maryland Department of Transportation (MDOT), Maryland Department of Environment and other State Department's and agencies in the Development of a State Development Plan, State Housing Plan, and State Transportation Plan as mandated by legislation passed by the Maryland General Assembly. **STATUS:** The State Development Plan has been submitted and accepted by the Governor. The State Housing Plan is awaiting final approval.

**Sustainable Communities** - DHCD, working with MDP, MDOT, MDE and other State agencies, will work to implement the State's Sustainable Communities legislation that coordinates areas for State investment into one framework – that will help State agencies and local governments better coordinate State investment and focus investment for the benefit of local communities. **STATUS:** Implementation measures are underway.

**Housing Trust Fund** – Congress has authorized, but not funded the National Affordable Housing Trust Fund. Should funding become available, DHCD will use these resources to provide affordable rental housing to extremely low-income households, with the vast majority of the funds focused on assisting in the development of affordable rental housing. **STATUS:** Congress has not funded the program.

**Energy Efficiency** – DHCD will work with HUD, DOE, the Maryland Energy Administration (MEA), and other partners to improve energy efficiency in housing DHCD rehabilitates or finances. DHCD has received funding for MEA to improve energy efficiency in multi-family properties, as well as DOE to weatherize single family homes. **STATUS:** DHCD carried out extensive Weatherization efforts on single family homes using DOE funds. In addition to the DOE funds, DHCD received financial support from the Public Service Commission for the EmPower Maryland Program that will continue the Multifamily Energy Efficiency and Housing Affordability (MEEHA) program started with MEA funding. In addition, DHCD received a \$1.25 million Energy Innovative Fund grant from HUD to use in 10 Multifamily projects.

**Infrastructure Bond Program** – DHCD will expand the use and availability of its Infrastructure Bond program to help promote community development activities. This was made possible by a series of bills passed by the General Assembly and signed by the Governor that creates a capital reserve fund for the program. **STATUS:** DHCD issued a new infrastructure bond during the program year and expects to issue another in the coming year.

**Foreclosure Prevention** – DHCD will work with HUD, Treasury, and the State's Department of Labor, Licensing and Regulation (DLLR) to implement a series of measures to help address the State's foreclosure problems. **STATUS:** Ongoing. The State is currently working toward implementing new mediation requirements set forth by FHA (which will be carried out by DLLR) which will assist homeowners much earlier in the foreclosure process.

**EHLP/EMA** - DHCD was allocated \$39.9 million in Emergency Homeowners Loan Program (EHLP) funding to provide foreclosure assistance to households who are at risk of foreclosure due to unemployment, underemployment or loss of income due to medical conditions. DHCD

received this funding as a result of having a program “substantially similar” to the EHLP program called the Emergency Mortgage Assistance Program (EMA). Assistance may be provided for a period of up to 24 months to homeowners who have already received notice of foreclosure. (NOTE: This funding was not provided under the normal appropriations process but as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act). **STATUS:** DHCD successfully committed all funds received under the program by the September 30, 2011 due date. In fact, the Department was so successful in operating the program that HUD awarded DHCD additional funds, with a total of \$47 million committed under the program.

**Homeless Veterans** DHCD will work with DHR, veterans agencies, local continuums of care and other interested parties in developing policies and plans to help assist homeless veterans. This will include working to obtain VASH Vouchers among other measures. **STATUS:** DHCD received 15 VASH Vouchers to assist homeless Veterans in the rural areas of the State where DHCD acts as a PHA. Other VASH Vouchers were provided to PHAs operating in the State’s large entitlement jurisdictions (Baltimore City, Montgomery County, etc.)

**Housing Counseling** – DHCD will fund housing counseling using State funds, and will pursue a restoration of housing counseling funding by the federal government. In addition, should funding be available, DHCD will also try and obtain funding and/or work with our counseling partners for NeighborWorks funding. **STATUS:** DHCD was awarded \$634,939 in NeighborWorks Funding for housing counseling and continues to use State Funds for this purpose as well. A recent evaluation of the program found that counseled homeowners were at least 67 percent more likely to remain current on their mortgage nine months after receiving a loan modification.

**Better Buildings Grant/Be SMART Program** – In the spring of 2010, DHCD was awarded \$20 million from the U.S. Department of Energy through a competitive funding round for the Better Buildings Program (funded by the Energy Efficiency and Conservation Block Grant (EECBG) program) to provide financing programs to encourage the installation of energy efficiency measures in buildings. This grant, branded as DHCD’s Be SMART Program, provides for an allocation of \$4.8 million for homeownership activities (including loans for energy efficiency retrofits, energy efficiency mortgages with a reduced interest rate for homes with Energy Star appliances and a retrofit, and a partnership with Habitat for Humanity for energy retrofit loans). \$6 million is allocated for loans for energy efficiency retrofits in multifamily buildings and an additional \$6 million for loans to small businesses for energy efficiency retrofits. Additionally, \$600,000 is allocated for the development and implementation of an energy efficiency purchasing cooperative, and \$600,000 is allocated for training and implementation activities related to the recently adopted building and energy codes. These activities are being initially targeted to 15 communities across the State. DHCD will work to leverage Better Buildings funds with other funds that may include affordable housing development funds (LIHTC, RHPP), community legacy, NBW, mortgage funds and others. The initial grant period is three years, but the intent of the grant is that programs will be sustainable beyond the initial funding period. There are no income restrictions for this funding, which will allow us to reach more moderate-income consumers, but 60% of program funds must be spent within areas that were not eligible for DOE’s formulaic allocations of EECBG funds. **STATUS:** Underway and ongoing, the first loans and grants under this program have been awarded.



**Fair Housing** – DHCD’s focus on the coming year will be reaching out to persons of limited English Proficiency. **STATUS:** DHCD translated about 200 pages of its website into Spanish, including information on homeownership and special loan programs, as well as obtaining rental assistance. This was in addition to previously translated materials for foreclosure prevention and finding a rental apartment under MDHousingSearch.org.

**Harry and Jeanette Weinberg Foundation Grant** - The Harry and Jeanette Weinberg Foundation will provide \$1 million to DHCD over two years to be used as grant funds to cover capital costs in projects otherwise receiving DHCD financing to provide affordable rental housing to non-elderly disabled persons with incomes at 15 to 30 percent of area median income. The Weinberg contribution will be sized to make up for the loss of mortgage proceeds due to the reduced rent for the Weinberg unit. DHMH will qualify eligible disabled households and refer tenants to the units on lease-up and turnover. **STATUS:** The Weinberg foundation has provided the funding, the first units financed under this initiative have closed. Additional Weinberg foundation funding has been received to expand this project by financing additional units.

### YEAR THREE GOALS

**Rental Housing Works** – The Rental Housing Works Initiative will provide \$17.5 million in new money (above current levels) to finance affordable housing and provide jobs across Maryland. The Initiative is expected to create over 1,100 jobs for about 20 multifamily rental projects and would allow DHCD to finance an additional 1,700 units of affordable housing. **STATUS:** Funding for this initiative was provided by the General Assembly at the requested amount and funding has been committed to projects.

**Energy Efficiency 1** – The Maryland Public Service Commission (PSC) has ordered DHCD to become the sole provider of weatherization and energy retrofitting programs for low and moderate income households throughout the State. They approved \$70.6 million over the next three years to help single family and multi family homes become more energy efficient. This was done in response to an evaluation of the first phase of the 2008 EmPOWER Act, which found that most of the utility companies had not met the PSC’s goals and expectations with regard to low income households. As noted in the PSC report, “DHCD’s programs, on the other hand, greatly surpassed even the best performing utility, all with creating jobs, ensuring that all contractors are properly and consistently trained, implementing and maintain rigid quality control measures, and keeping marketing costs extremely low”. DHCD weatherized nearly 8,000 homes between July 2009 and October 2011, or more than 400 units per month. These new resources will allow the Department to offset the loss of Weatherization funds from the American Response and Recovery Act, while carrying out the goals of the EmPOWER Act and addressing the energy efficiency needs of low income households. **STATUS:** DHCD has begun operating this program and has weatherized several thousand additional homes in the past six months.

**Energy Efficiency 2** – DHCD will work with HUD, DOE, the Maryland Energy Administration (MEA), the Public Service Commission (PSC) and other partners to improve energy efficiency in housing DHCD rehabilitates or finances. DHCD has received funding for MEA to improve energy efficiency in multi-family properties, as well as DOE to weatherize single family homes.



As part of the merger of Constellation energy with Exelon, the PSC established a \$113 million Customer Service Fund under which DHCD will apply for funding to carry out energy efficiency activities. **STATUS:**

**Rental Housing Preservation** – DHCD will continue undertaking efforts under a rental housing preservation initiative funded by the John D. and Catherine T. McArthur Foundation. Over 10 years, DHCD will seek to increase rental housing preservation by 9,000 units over its “baseline” production levels in nine (9) Counties impacted by the federal Base Realignment and Closure (BRAC) process. MacArthur Foundation funding totaling \$4.5 million will enable DHCD to undertake a comprehensive approach toward systemic streamlining and financing to increase production levels in these targeted Counties. **STATUS:** On going and under way. DHCD has been successful in receiving matching funds from the Weinberg Foundation, MacArthur foundation, County governments, and from HUD, DOE, and the MD Electric Companies for rental subsidies, interim financing, and energy renovation to preserve affordable housing units.

**Sustainable Communities** - DHCD, working with MDP, MDOT, MDE and other State agencies, will work to implement the State’s Sustainable Communities legislation that coordinates areas for State investment into one framework – that will help State agencies and local governments better coordinate State investment and focus investment for the benefit of local communities. **STATUS:** On-going and underway.

**Housing Trust Fund** – Congress has authorized, but not funded the National Affordable Housing Trust Fund. Should funding become available, DHCD will use these resources to provide affordable rental housing to extremely low-income households, with the vast majority of the funds focused on assisting in the development of affordable rental housing. **STATUS:** Congress has not authorized funding for the Trust Fund.

**Infrastructure Bond Program** – DHCD will expand the use and availability of its Infrastructure Bond program to help promote community development activities. This was made possible by a series of bills passed by the General Assembly and signed by the Governor that creates a capital reserve fund for the program. DHCD expects to fund about 16 infrastructure related projects using these bonds in the coming year (see discussion on leveraging below). **STATUS:**

**Foreclosure Prevention** – DHCD will work with HUD, Treasury, and the State’s Department of Labor, Licensing and Regulation to implement a series of measures to help address the State’s foreclosure problems. This will include participation in new FHA foreclosure mitigation efforts, as well as working with the Office of the Attorney General to assist Maryland families impacted by foreclosure potentially using funding under the court settlement with some of the nation’s mortgage lenders. **STATUS:**

**Foreclosure Settlement** – The State of Maryland and its resident’s will receive \$957 million in funding as a result of a foreclosure settlement negotiated between the State and five of the nation’s largest housing lenders as the result of mortgage abuses, fraud, and unacceptable mortgage practices such as robo-signing. Of that funding, \$808 will go to homeownership relief efforts, \$24 million will go to foreclosed borrowers, \$64 million will be used for refinancing (all of this funding will go directly to affected families), and \$59 million will go to the State be used for housing initiatives related to foreclosure activities. The use of this \$59 million is still being determined through a joint effort from the Attorney General’s Office, DHCD, and other

agencies. **STATUS:** The Attorney General's office has reported that funding under the foreclosure settlement with banks has exceeded \$1.1 billion, with over 14,000 families receiving direct relief under the settlement. For the money awarded to the State, the Attorney General's (AG) Office determined that settlement funding would be distributed into several entities to help address the effects of foreclosures on communities. Baltimore City and Prince George's County were each awarded \$10 million to develop local strategies to address foreclosure efforts. DHCD was awarded \$14 million, which will be distributed by competition to nonprofit applicants to help communities to help them address impacted communities (the application period for this funding has closed and the rating and ranking process is currently underway). Additional funding from the AG's office was also provided for housing counseling efforts (see below).

**Fair Housing** – DHCD will undertake fair housing training efforts as outlined under its Analysis of Impediments to Fair Housing Choice to help educate property owners, lenders and others on fair housing laws and requirements. **STATUS:** DHCD conducted 15 fair housing outreach events during the past year, including events that reached renters, landlords, homeowners, and real estate professionals. In addition, DHCD developed a joint training with HUD and the Maryland Commission on Human Relations for housing professionals throughout the State.

**Homeless Veterans** - DHCD will work with DHR, veterans agencies, local continuums of care and other interested parties in developing policies and plans to help assist homeless veterans. This will include working to obtain additional VASH Vouchers (if authorized by Congress) among other measures. **STATUS:** DHCD and other state agencies have been meeting to develop strategies to help veterans, including homeless veterans, become re-integrated into society. The federal government has not, at this time, adopted a budget so DHCD has not been able to apply for additional VASH Vouchers.

**Housing Counseling** – DHCD will fund housing counseling using State funds, and will pursue a restoration of housing counseling funding by the federal government. In addition, should funding be available, DHCD will also try and obtain funding and/or work with our counseling partners for NeighborWorks funding. **STATUS:** DHCD has provided over \$11 million in State funding to help provide housing counseling to families requiring housing counseling assistance, the largest amount of funding the State has ever provided to these organizations. This included funding from both the AG's office and the Maryland Housing Counseling Fund established under the O'Malley-Brown administration. Funding was awarded to 39 counseling agencies across the State who expect to assist about 20,000 families with counseling assistance.

**Better Buildings Grant/Be SMART Program** - DHCD will continue to work on the Better Buildings Grant/Be SMART Program funded by DOE. As noted under the year two accomplishments, DHCD has closed loans/grants under the program and will continue to do so in the coming year. **STATUS:**

**Harry and Jeanette Weinberg Foundation Grant** – As noted in the year two accomplishments, The Harry and Jeanette Weinberg Foundation provided \$1 million to DHCD over two years to be used as grant funds to cover capital costs in projects otherwise receiving DHCD financing to provide affordable rental housing to non-elderly disabled persons with incomes at 15 to 30 percent of area median income. The Weinberg contribution will be sized to make up for the loss of mortgage proceeds due to the reduced rent for the Weinberg unit.



DHMH will qualify eligible disabled households and refer tenants to the units on lease-up and turnover. DHCD expects to close loans on a number of projects in the pipeline in the coming year. **STATUS:** This initiative is underway, and units have been closed. In response to the success of the program to date, the Weinberg Foundation has provided DHCD with an additional \$1 million to produce more Weinberg units to help assist disabled households.

## YEAR FOUR ANNUAL ACTION PLAN

As noted above, DHCD is now entering the fourth year of its current five year Consolidated Plan. The following activities, initiatives, and policies have or will be utilized in carrying out the Annual Action Plan.

### CITIZEN PARTICIPATION

For this year four Annual Plan update, the Maryland Department of Housing and Community Development (DHCD) undertook extensive citizen participation efforts. In order to gain public input, a total of eight public hearings were held on the Plan throughout the State. The first four hearings were held before the draft Plan was written, so that comments and recommendations could be made early in the planning process. The hearings were held at the following dates, times, and places: Friday, March 1, 2013 at 1:30 p.m. at the Caroline County Library in Denton, Wednesday, March 6, 2013 at 7:00 p.m. at DHCD headquarters in Crownsville, Thursday, March 7, at 10:30 a.m. at the Calvert County Public Library in Owings, and 2013 Friday, March 8 at 1:30, p.m. at the Allegany County Office Complex in Cumberland. It should be noted that all hearings were held in accessible locations, and that DHCD offered interpretive services for the hearing impaired and/or for persons who speak English as a second language.

Notice of these hearings was published in the Baltimore Sun, Baltimore Afro-American, Daily Mail (Hagerstown), Capital Gazette (Annapolis), Star Democrat (Easton), Dorchester Star Democrat, Caroline Times-Record, and Kent County News. In addition, DHCD sent out a mass mailing to about 800 organizations and individuals who were potential stakeholders in the Plan, including nonprofit and for-profit housing developers, municipal and county executives, public housing authorities, community action agencies, faith-based organizations, homeless services providers and local Continuums of Care, advocacy organizations, AIDS/HIV organizations, and local housing and community development contacts, among others, to apprise them of the upcoming hearings and encourage their participation in the development of the new Plan.

After the draft Annual Plan was completed, the State published the Plan for 30 days of public comment starting on April 2, 2013, with written comments accepted through COB May 1, 2013. Advertisements were placed in all the newspapers listed above regarding the opening of the public comment period. These advertisements stated the Plan's goals, as well as notifying the public of four additional hearing that would be held to gain further public comment and input on the draft Plan. The advertisements also let the public know that they could obtain free copies of the draft Action Plan either by calling or writing DHCD, or visiting DHCD's website. In addition, the advertisement let people know they could obtain copies of the draft Plan through the State's regional lending libraries, including the Enoch Pratt Free Library in Baltimore, the Blackwell Library in Salisbury, the Washington County Free Library in Hagerstown, the Lewis J. Ort

Library in Frostburg, the Frederick Douglas Library in Princess Anne, and the Southern Maryland Regional Library in Charlotte Hall, as well as a large print version at the Maryland Library for the Blind and Physically Handicapped.

DHCD posted the draft Plan on its web-site and mailed out another set of notices to all of the organizations noted above. This notice also let these groups and organizations know that they could also obtain a free copy of the Plan by simply requesting it from DHCD or downloading it from the web. Finally, several weeks into the comment period, the State held four more public hearings at the following locations, places, and times: Thursday, April 18, 2013 at 10:30 a.m. at the Calvert County Public Library in Owings, Friday, April 19, 2012 at 1:30 p.m. at the Allegany County Public Office Complex in Cumberland, Tuesday, April 23, 2013 at 7:00 p.m. at DHCD in Crownsville, and Wednesday, April 24, 2013 at 1:30 p.m. at the Caroline County Public Library in Denton. In addition, DHCD also consulted specifically with the State's Continuums of Care at DHCD on April 10, 2013 as per the new HEARTH Act requirements including discussions on the use of ESG funds, ESG performance measures, and HMIS issues.

Lastly, DHCD also worked with other state agencies to help identify goals, objectives, and resources the State would use during the coming year to carry out its Action Plan. These agencies included the Department of Health and Mental Hygiene (DHMH), the Department of Human Resources (DHR), the Department of Business and Economic Development (DBED), the Maryland Department of Environment (MDE) and the Maryland Department On Aging (MDOA). Much of this work focused on addressing the needs of persons with Special Needs, although for several agencies this also included working on revised policies to address the needs of the homeless as well.

DHCD also consulted with agencies that work directly with the homeless, including the chronically homeless, among others. Their participation helped in the development of the State's homeless strategy (the continuum of care), as well as addressing the updated consultation, and development of requirements and policies required under the Emergency Solutions Grant program.

## COMMUNITY VISION

The Maryland Department of Housing and Community Development works with partners to finance housing opportunities and revitalize great places for Maryland citizens to live, work, and prosper. Our vision is that all Maryland citizens will have the opportunity to live and prosper in affordable, desirable and secure housing in thriving communities.

As such, revitalizing communities, expanding the supply of decent affordable housing, and encouraging homeownership are the three over-arching goals of the State's Consolidated Plan.

## PRIORITIES

Based on the needs identified in the five-year plan, DHCD's priorities for the coming year are as follows:

**Housing Priorities:** Priorities for federally funded housing assistance will be provided to:



- **Extremely Low-Income Renters,**
- **Low-Income Renters,**
- **Extremely Low-Income Homeowners,**
- **Low-Income Homeowners,**
- **Moderate-Income Renters, and**
- **Moderate-Income Homeowners,**
- **Middle-Income Renters, and**
- **Middle-Income Homeowners.**

Housing assistance to be provided will include 1) encouraging renters to become owners through use of DHCD's homeownership programs; 2) financing the acquisition, new construction or rehabilitation of multi-family housing; and 3) direct tenant assistance through State and federal rent subsidy programs. DHCD will also assist homeowners with the rehabilitation of owner-occupied properties and assist persons with special needs to obtain supportive housing. DHCD also will work to encourage the preservation of affordable housing.

**Non-Housing Priorities:** Priorities for State funded infrastructure are:

- **Water, Sewer, and drainage,**
- **Streets and roads,**
- **Street lighting, landscaping, sidewalks, and public space improvements,**
- **Electric utility improvements,**
- **Solid waste transfer, conversion and disposal facilities,**
- **Government office and meeting facilities,**
- **Police, fire, transportation, recreation, maintenance, and other facilities for the delivery of public services,**
- **Public parking structures**

**Public Facilities and Essential Human Services Priorities:** Priorities for public facilities and essential human services are:

- **Head Start, Day Care and Family Support Centers,**
- **Youth and Senior Centers,**
- **Community Facilities,**
- **Health Centers,**
- **ADA improvements, and**
- **Public Services.**

Public facilities and essential human services programs will be financed through federal programs, such as DHCD's CDBG program, as well as State programs administered by DHCD, DHR and DHMH. The State Infrastructure Bond Financing Program often finances facilities that are other ineligible for federal funding due to statutory or regulatory program restrictions.

## ONE YEAR GOALS FOR YEAR 4

As a result of the planning process, the following overall goals were set for the coming year (year **four** of the five-year Consolidated Plan):

**PRA Demo** DHCD was awarded just under \$11 million from HUD as part of a Section 811 Demonstration program to provide rental housing for persons with disabilities. These funds will be used to provide project-based assistance to persons with mental and developmental disabilities among others, with the program operated in cooperation with the Department of Health and Mental Hygiene and the Department of Disabilities. The Demonstration program is expected to assist 150 individuals over the next five years. This activity not only expands the availability of affordable housing, but also provides more housing for persons with disabilities, which meets two of the fair housing goals the State developed under its Analysis of Impediments to Fair Housing Choice.

**CDBG Disaster** DHCD received a “first tranche” allocation of funding to assist in recovery efforts as a result of Hurricane Sandy (\$8.6 million), and expects to receive additional funding under two future tranches as funding becomes available. The sources and uses of this funding will be set out in substantial amendments to the Annual Plan, but the first tranche will be used entirely in Somerset County for housing and economic recovery assistance.

**Fair Housing** – DHCD will undertake fair housing training efforts as outlined under its Analysis of Impediments to Fair Housing Choice to help educate property owners, lenders and others on fair housing laws and requirements.

**Housing and Building Energy Programs** – DHCD is establishing a new unit that will focus on energy improvement activities as the result of funding the Department has/is receiving through EmPOWER Maryland, Be Smart, and other State and Federal energy efficiency programs.

**Strategic Demolition and Smart Growth Impact Fund** – As part of ongoing efforts to help revitalize communities, DHCD will continue to implement the Strategic Demolition and Smart Growth Impact Fund. The Strategic Demolition and Smart Growth Impact Fund program, established in 2012, is part of the state’s PlanMaryland strategy to accelerate economic revitalization of Sustainable Communities through coordinated investment and alignment of public resources to leverage private investment. The program’s purpose is to provide grants and loans to local governments and non-profit community development organizations working in conjunction with private entities to fund capital costs for redevelopment opportunities in the state’s Sustainable Communities. Sustainable Communities are areas identified by local governments as being in need of revitalization and where the state and its local partners have agreed to concentrate growth and development and leverage scarce state revitalization resources.

## One Year Housing Goals

In addition to the overall goals stated above, DHCD also has set forth specific goals for the provision of housing and community development activities. The table below shows housing



activities the State plans to undertake in the next year with federal HOME funds.

HOME INVESTMENTS PARTNERSHIP PROGRAM			
PART 1. PRIORITY HOUSING NEEDS			
Tenure	Household Type	Income	Projected Units
Renters	Small Related	0-30%	5
		31-50%	5
		51-80%	4
	Large Related	0-30%	2
		31-50%	2
		51-80%	0
	Elderly	0-30%	4
		31-50%	4
		51-80%	4
	All Other	0-30%	6
		31-50%	2
		51-80%	0
Owner		0-30%	31
		31-50%	27
		51-80%	11

Note that owner households include both home buyer assistance and housing rehabilitation. Renters includes both rental housing production and persons assisted with TBRA. The table below shows Special Needs populations the State may assist using HOME funds. (Funding is competitive, so all groups might be assisted.)

HOME INVESTMENTS PARTNERSHIP PROGRAM	
Part 2. Priority Special Needs	Priority Level
	Indicate: High, Medium, Low, checkmark, Yes, No
Elderly	Yes
Frail Elderly	Yes
Severe Mental Illness	Yes
Developmentally Disabled	Yes
Persons w/ Alcohol/Other Drug Addictions	Yes
Persons w/ HIV/AIDS	Yes
Victims of Domestic Violence	Yes
Other	Yes

The following table shows housing activities DHCD plans to undertake in the next year with State Funds, Mortgage Revenue Bonds, Tax Credits, etc. It does not include the units that will be developed or rehabilitated with CDBG funds which are discussed separately. (NOTE: This table has not been finalized as appropriation levels for State funds were not available at press time.)

<b>One Year Housing Goals</b>			
<b>Program</b>	<b>Household Type</b>		<b>Units</b>
Rental Housing	Family	1,500	2,500
	Elderly	900	
	Special Needs	100	
	Chronic Homeless	--*	
Rental Subsidy*	Family	2,609	2,679
	Special Needs	70	
	Chronic Homeless	--*	
Homeownership	Family	1,600	1,618
	Special Needs	18	
Special Loans	Family	4,905	4,935
	Special Needs	30	
<b>Total</b>			<b>11,732</b>

NOTE: DHCD's rental housing programs are competitive, estimates are based on past performance. Rental Subsidy, Homeownership, and Special Loans programs do not target by elderly versus family. Rental Subsidy numbers include Section 8 Vouchers, Mod Rehab units, Rental Allowance Program units, HOPWA rental assistance and the Bridge Subsidy program, the latter two specifically targeted toward persons with Special Needs. Special Needs Units under rental housing are units produced through the QAP, under Rental Subsidy they are households assisted under the Bridge Subsidy Program and HOPWA, under Homeownership they are households assisted under Homeownership for Individuals With Disabilities Program, and for Special Loans they are Group Home beds. \*Chronic homeless funding is received competitively from the federal government to local providers and funded through the continuum of care/HEARTH, so projected units is unknown.

## Section 215 Goals

Section 215 goals are units that meet HOME program income limits for rental housing, and both HOME program income limits and HOME recapture provisions for owner-occupied housing. Because virtually all units DHCD finances under the rental housing programs have incomes below 60% of median income, and all families assisted under the Rental Allowance Program earn less than 30% of median income, almost all rental units will meet Section 215 goals. Most of our homeownership loans would meet the Section 215 income limits (80% of median income or less). However, because we do not recapture our funding when a homeowner's income increases most units financed under the Homeownership programs do not meet the Section 215 requirements.

## One Year Non-housing Goals

DHCD also has established goals for its Community Development programs. These programs reflect the State's interest in revitalizing communities. It is anticipated that the CDBG program



will fund the following activities during the next year:

<b>ESTIMATED CDBG ACTIVITIES – FFY 2013/SFY2014</b>		
<b>CDBG ELIGIBLE ACTIVITY</b>	<b>Number of Projects</b>	<b>Estimated Funding</b>
<b>INFRASTRUCTURE</b>		
Water/Sewer	6	\$2,729,918
Roads/Sidewalks/Bridges	5	\$851,875
<b>PUBLIC FACILITIES</b>		
Homeless Shelter/Food Bank	3	\$853,535
<b>BLIGHT REMOVAL</b>		
Demolition	1	\$100,000
<b>PLANNING</b>		
Preliminary engineering/capital planning	3	\$90,645
<b>HOUSING</b>		
Owner Occupied Rehabilitation	1 project / 40 units	\$450,000
Temporary Housing Relocation	1 Project / 200 Persons	\$395,000
Housing Construction/Renovation	3 projects / 43 units	\$1,128,994

Note: These numbers are based on the funded types of projects from the previous year and are subject to change based upon actual applications received and amount of funds available. Also, as mentioned above, housing activities undertaken with CDBG are not included in the overall housing goals. That is because of the competitive nature of CDBG funding, as well as the fact that some of the activity is actually infrastructure that will eventually promote affordable housing rather than “hard” units themselves, or housing activities such as fair housing or counseling activities that affirmatively further fair housing but do not create units. Hard units that CDBG produces are discussed in the CAPER, so that information is available. Lastly, while physical housing units produced under CDBG goals may meet Section 215 units income requirements, since the recapture provisions for CDBG are different from HOME, none of these units are counted toward Section 215 goals.

In addition to the federal CDBG program, the State operates its own programs that promote community revitalization. These include the Community Legacy Program and the Local Government Infrastructure Financing Program, among others. During the next year, the State expects to fund the following estimated activities under the Community Legacy Program:

<b>COMMUNITY LEGACY PROGRAM</b>		
<b>Type of Activity</b>	<b>Number of Projects</b>	<b>Estimated Funding</b>
Acquisition/Rehab	14	\$1,500,000
Commercial	11	\$1,000,000
Economic Development	10	\$1,000,000
Façade Program	16	\$750,000
Infrastructure	8	\$1,250,000
Mixed-Use	2	\$500,000
<b>TOTALS</b>	<b>61</b>	<b>\$6,000,000</b>

The Local Government Infrastructure Financing Program offers Maryland Counties and Municipalities a cost effective way to finance capital projects. DHCD issues bonds on behalf of participating local governments who do not routinely issue bonds, have limited access to capital markets are who do not have the resources to initiate a public offering on their own. Local governments repay the debt incurred through their pro-rata share of the bond issuance. Based

on past performance, DHCD expects to finance the following types of programs through the program in the coming year:

<b>ESTIMATED STATE/LOCAL GOVERNMENT INFRASTRUCTURE BOND FINANCING PROGRAM ACTIVITIES</b>		
<b>Type of Activity</b>	<b>Number of Projects</b>	<b>Estimated Funding</b>
Street improvements	2	\$1,500,000
Facility improvements	2	\$2,300,000
Water and sewer system improvements	3	\$4,100,000
Construct police station	1	\$3,250,000
Refinance existing debt	6	\$4,390,000
<b>TOTALS</b>	<b>14</b>	<b>\$15,540,000</b>

### **GEOGRAPHIC TARGETING**

Housing data provided by HUD revealed a similarity of need from jurisdiction to jurisdiction in Maryland. For example, if the percentage of "small, very low-income renter families" with housing needs was 65 percent statewide, virtually every jurisdiction within the State was within a few percentage points of the statewide average. In the survey of needs completed for the five-year Plan, questions about infrastructure, community development, and economic development needs also indicated a similarity of need from jurisdiction to jurisdiction.

Since similar needs exist throughout the State, the State will not target its funds to certain jurisdictions, except as established by law. For example, the State's allocation of CDBG funds may only be used in non-entitlement areas. Since there is a major emphasis on directing resources to growth areas and areas in need of revitalization, we will generally be targeting funds to projects located in Priority Funding Areas (PFAs) as well. The information below provides an outline of how funds will be targeted:

#### **Programs (or parts of programs) that are not required to fund projects located only in PFAs )**

- Federal and State Lead Paint Reduction Programs
- Weatherization for Low Income Persons
- Indoor Plumbing
- Single Family Rehabilitation (MHRP: 1-4 units)
- Group Home Financing
- HOME – for single family existing homes only
- Maryland Mortgage Program – for existing homes
- Local Government Infrastructure Financing
- Rental Allowance
- Emergency Solutions Grants
- CDBG – for single family housing rehabilitation only
- Community Service Block Grants
- Maryland Appalachian Housing
- Accessory Shared and Shelter Housing
- Section 8 Voucher/Certificate



## ■ Section 8 Moderate Rehabilitation

### Programs required by law to fund projects located only in Smart Growth Areas

The Smart Growth – Priority Funding Areas Act of 1997 requires that the following DHCD programs be used exclusively in Priority Funding Areas (PFAs). Moreover, the Sustainable Communities Act of 2010 requires that certain programs must be located in a sub-area concentration now known as Sustainable Communities.

### Neighborhood Revitalization

- Community Investment Tax Credit – in Priority Funding Areas
- Main Street Maryland /Main Street Improvement Program – in Sustainable Communities
- Community Legacy Program – in Sustainable Communities
- Neighborhood BusinessWorks – in Sustainable Communities

### Homeownership

- Maryland Mortgage Program (MMP) – excluding O.B.O. – *for new construction*
- Maryland Home Financing Program – *for new construction*
- Preferred Interest Rate Loan Program – *for new construction*
- HOME – *for new construction*

### Rental Housing

- Elderly Rental Housing – *for new construction*
- Rental Housing Production – *for new construction*
- Multifamily Housing Revenue Bond Financing – *for new construction*
- HOME – *for new construction*

In addition, HUD also asks if or how funds will be specifically targeted to areas of minority concentration. In its Analysis of Impediments to Fair Housing Choice, the State defined a "high concentration" of minority households as a census tract where the percentage of minority households is at least 10% greater than the county average. Based on this definition, of the 346 census tracts in Maryland's non-entitlement areas in the time of the Analysis, only 25, or just over 7%, had census tracts of high minority concentration. As noted above, DHCD targets its funds to Priority Funding Areas (PFAs). Of the 25 tracts with concentrations, 15 have concentrations due to institutions such as Historically Black Colleges and Universities, hospital centers, military bases, or prisons. Of the remaining 10, 9 all are located in PFAs. Because of DHCD's emphasis on targeting funds to PFAs, areas of minority concentration are already targeted for assistance through the State's housing and community revitalization programs. (The one concentration outside of a PFA is located in Charles County and is a minority concentration, but not a low-income concentration. See the Five-Year Plan's discussion of concentrations for more information.)

### **Underserved Needs**

HUD asks grantees to identify actions that will be taken to serve populations that are considered underserved by housing and community development programs. Under the State's Consolidated Plan, no group is identified as being more underserved than another for assistance. This is because the Housing Analysis in the Plan noted that all types of households covered by the Plan had substantial housing needs. However, the State did identify in the Plan that the greatest obstacle to assisting low and moderate income families, the homeless, and persons with Special Needs was the lack of federal funding for affordable housing. In this light, DHCD will to advocate at the national level for more housing funding, including for 1) the repeal of the Ten-Year Rule on MRBs, which costs DHCD about \$65 million per year that could be used for affordable housing, 2) funding the National Housing Trust Fund 3) substantially increased funding for the HOME program, 4) full funding for the CDBG and Section 8 Voucher programs, and 5) increased funding under the Section 811 program to help households with disabilities obtain affordable rental housing.

### **LEVERAGING**

#### **Housing Leveraging**

The Maryland General Assembly appropriated \$\_\_\_ million (NOT AVAILABLE AT PRESS TIME) in general funds, Maryland Affordable Housing Trust funding, and special and general obligation bond funds in the coming year to provide low-income housing through the State's homeownership, rental housing, special loan, and rental subsidy programs. This does not include public purpose bond funds that DHCD will leverage to help carry out efforts to address the priorities identified in its Five-Year Plan. The table below shows State funds appropriated for housing in SFY 2014 (FFY13).

<b>State Appropriations for Housing, SFY 2013</b>	
<b>PROGRAM</b>	<b>FUNDING</b>
Rental Housing Funds	\$33,000,000
Partnership Funds	\$6,000,000
Shelter and Transitional	\$2,000,000
Rental Allowance Program	\$1,700,000
Homeownership Programs	\$8,400,000
Special Loan Programs	\$7,400,000
Maryland Affordable Housing Trust	\$4,000,000
<b>TOTAL</b>	<b>\$62,500,000</b>

Additional leveraging will be provided through DHCD's bond financing programs. DHCD was approved as Level II participant and will commence writing 75/25 as well as t50/50 Risk Share loans. Taking 25% risk as opposed to 50% risk allows the Department to write more loans for more affordable housing units. DHCD will issue bonds for special needs housing, homeownership, and rental housing during the coming year. Bond funds are expected to provide approximately \$\_\_\_ million in resources for homeownership and approximately \$\_\_\_ million for rental housing during SFY 2014. (Unavailable at press time, DHCD issues bonds on a Calendar Year basis.)



In addition to bond funds, DHCD expects to receive about \$70 million in Weatherization funding from Maryland's public utilities over the next three years. This was done in response to DHCD's success in undertaking Weatherization activities. Unlike past years, DHCD expects to receive a minimal amount of U.S. Department of Energy (DOE) weatherization funding FFY 13/SFY 14.

Other housing leveraging will come from the State's allocation of Federal Low-Income Housing Tax Credits. The State's federal low-income housing tax credit allocation will be approximately \$13.5 million for CY 2013 (tax credits are allocated on a calendar year basis). DHCD will also use Section 8 Vouchers, which are provided by HUD but not covered directly by the Consolidated Plan, to work in conjunction with all of the housing programs mentioned above.

### **Community Development Leveraging**

The Maryland General Assembly appropriated about \$\_\_\_\_ million in SFY 2014/FFY 2013 (NOT AVAILABLE AT PRESS TIME) to support community development activities. Funding came through a variety of sources, including general funds, special funds, and government obligation bonds.

<b>State Appropriations for Community Development, SFY 2013</b>	
<b>PROGRAM</b>	<b>FUNDING</b>
Community Legacy	\$6,000,000
Strategic Demolition and Smart Growth Impact Fund	\$2,500,000
Neighborhood Business	\$3,850,000
Neighborhood Business/CIP	\$400,000
Foreclosure Mediation Grants	\$3,500,000
<b>TOTAL</b>	<b>\$16,250,000</b>

DHCD also administers a State tax credit program, the Community Investment Tax Credit (CITC) Program, which provides State tax credits to nonprofits for projects located in Priority Funding Areas or which primarily serve residents of such areas. Annually, the Department awards \$1 million of CITCs annually through a competitive application round similar to that for the federal low-income housing tax credit. Nonprofit organizations utilize the tax credits as incentives for individuals and businesses to donate money, goods, or real property to support operational and programmatic cost associated with specific, approved projects delivering services to communities across Maryland. Businesses and individuals that donate to qualified organizations approved projects can earn tax credits equal to 50 percent of the value of the money, goods or real property contribution. These tax credits are in addition to the deductions on both Federal and State taxes as a result of the charitable contribution. Projects supported typically involve activities such as: Education and Youth Services; Housing and Community Development; Job and Self-Sufficiency Training; Enhancing Neighborhoods and Business Districts; Arts, Culture and Historic Preservation; Economic Development and Tourism Promotion; Technical Assistance and Capacity Building; and Services for At-Risk Populations.

In addition to the above, DHCD also administers a bond pooling program. The Infrastructure Financing Program issues bonds on behalf of local governments enhancing market access for small or infrequent issuers. The bonds finance every form of public infrastructure, such as roads and sidewalks, water and sewer systems and their supporting facilities, parks, storm

drains, and schools, town halls, fire stations, and other public buildings. Since the inception of the program in 1985, a total of \$320 million in bonds has financed or refinanced 340 projects for 55 municipalities, 4 counties, and 2 instrumentalities of counties.

Leveraging for housing and community development projects is also available from sources outside of DHCD. For example, as part of its efforts to improve Maryland's infrastructure, the State operates several programs aimed at helping local governments repair or build infrastructure. The Maryland Department of Transportation operates several programs which build roads and sidewalks. The Department of the Environment operates a number of infrastructure programs which are primarily targeted toward water and sewer system construction, repair, and replacement. The Department of Health and Mental Hygiene, the Department of Human Resources, and the Maryland Department on Aging also will provide housing assistance, typically in the form of supportive housing.

Lastly, In addition to the funds the Department expects to receive itself, DHCD strongly supports and encourages applications by all eligible entities for competitive funds for which those entities are eligible. These include all of the programs currently covered by the Consolidated Plan (NSP, Section 202 housing, Section 811 housing, homeless funds, etc.) as well as any funds that may come under the plan in the future, such as the Department of Agriculture's Rural Housing programs.

## ANTI-POVERTY STRATEGY

The State of Maryland is strongly committed to reducing the number of households in Maryland living in poverty. The citizens of Maryland recognize that persons who live in poverty need a combination of social services and economic opportunities to get back on their feet. The State's Temporary Assistance for Need Families (TANF) is the State's plan for helping families get out of poverty. It can be found on DHR's website at [www.dhr.state.md.us](http://www.dhr.state.md.us)

In addition to the TANF Plan, DHCD undertakes additional efforts to help families who are in poverty. This is done primarily through the Community Services Block Grant Program (CSBG) which is funded through the U.S. Department of Health and Human Services (HHS). The State was awarded \$9.2 in CSBG funds for FFY 2013 Funding is provided to subgrantees on a quarterly basis.

CSBG funds are granted to states in order to ameliorate the causes of poverty. To this end, the State allocates CSBG funds to the State's 17 local Community Action Agencies (CAAs) and one Limited Purpose Agency (LPA) which in turn provide a range of services and activities having a measurable and potentially major impact on causes of poverty within a community.

HHS has issued six broad national objectives for the CSBG program. Within these national objectives, the CAAs of Maryland are using and have chosen the following national objectives and indicators that assist low-income participants to achieve the following:

- **Family Self-sufficiency:** Low-income people become more self-sufficient;
- **Community Revitalization:** The conditions in which low-income people live are improved;
- **Community Investment:** Low-income people own a stake in their community;



- **Community Capacity Building:** Partnerships among supporters and providers of services to low-income people are achieved;
- **Agency Capacity Building:** Agencies increase their capacity to achieve results; and
- **Family Stability:** Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.

Furthermore, the State emphasizes that actions undertaken with the CSBG program:

1. Focus resources toward the most needy.
2. Provide employment opportunities for low-income persons.
3. Close service gaps.
4. Enable low-income persons to participate in community action programs and projects.

During the coming year, DHCD's focus in working with CAAs will primarily be through inter-agency coordination and capacity building. This will include facilitating the coordination of resources and or offering training in a variety of areas including housing, community development, fiscal oversight, board management, etc. By linking agencies with other partners, including those receiving HUD funding, and assisting with building their capacity, CAAs will then be better able to carry out goals involved with helping families become both stable and self-sufficient. In addition, it will better enable CAAs to compete for DHCD funds that promote community revitalization and investment.

### THE CONTINUUM OF CARE

Maryland has long been an advocate of the "Continuum of Care" approach of serving homeless persons and persons threatened with homelessness. The three principal features of Maryland's Continuum of Care are:

1. **Preventing low-income individuals and families from becoming homeless, providing outreach to homeless persons, and addressing their individual needs;**
2. **Addressing the emergency shelter and transitional housing and service needs of homeless individuals and homeless families; and**
3. **Helping homeless people make the transition to permanent housing and independent living.**

Since Maryland implemented this approach in the mid-1980s, it has become a national model for resolving the problems of the homeless. Homeless persons to be assisted include homeless individuals, homeless families with children, the severely mentally ill homeless, homeless persons with alcohol or other drug addiction problems, homeless fleeing domestic violence, homeless youth, homeless individuals diagnosed with AIDS and other related diseases, and any other homeless individuals or persons at risk of becoming homeless. Activities to be undertaken during the coming year include undertaking new construction, substantial rehabilitation, acquisition, moderate rehabilitation, preservation, lead paint abatement, and infrastructure improvements for rental housing, providing rental (tenant) assistance, and supportive facilities and services.

One of the most challenging aspects of addressing homelessness is determining the kinds of resources needed and ensuring that the diverse agencies responsible for providing those resources coordinate their response. Over the past year the twelve State agencies that approved the State's 10 Year Plan to End Homelessness have begun to implement some of the Plan's recommendations. This plan targets four areas for action: housing, income, health care, and cross cutting issues. Without addition resources toward these activities, the State Interagency Council on Homelessness is now focusing on redirecting current efforts and resources towards activities which serve to prevent or ameliorate homelessness. The Plan is available on the DHR website at [www.dhr.state.md.us/transit/pdf/ich-plan.pdf](http://www.dhr.state.md.us/transit/pdf/ich-plan.pdf). While many State government agencies have responsibility for one or more "pieces" of the homeless puzzle, three agencies have major responsibility for assisting homeless people: DHR, DHMH, and DHCD.

DHR has primary responsibility for assisting the homeless in the State of Maryland. Within DHR, the Office of Grants Management (OGM) administers four State-funded programs that provide housing and services for homeless people. DHMH specifically focuses on people with special needs, such as the homeless mentally ill, homeless persons who have disabilities, homeless persons who have been released from confinement, etc. This includes the operation of the Projects for Assistance in Transition from Homelessness (PATH) program, a Statewide Shelter Plus Care Program through several grants received from HUD, and the State's SSI/SSKI, Outreach, Access, and Recovery (SOAR) initiative.

#### **Projects for Assistance in Transition from Homelessness (PATH)**

Projects for Assistance in Transition from Homelessness (PATH) supported programs serve as major vehicles for providing services to individuals who are homeless with serious mental illness in Maryland. PATH funds are used for outreach, engagement, case management, screening and diagnostic services, assistance with applying for entitlements, including SSI and SSDI benefits through SOAR trained case managers and outreach specialist, consultation to shelters, training, housing assistance, supportive services in residential settings, and mental health and substance abuse services. PATH funded case managers are located in shelters, detention centers, and service agencies, facilitating outreach and access to services in a timely manner. PATH provides outreach and access in urban, suburban, and all rural areas in Maryland. These services also link individuals and families to the fee-for-service system. The PATH Program is targeted to homeless consumers who have serious mental illnesses or co-occurring substance use disorders, who are disconnected from the community and lack the necessary supports to obtain permanent housing.

In SFY 2013, PATH programs are projected to enroll an estimated 3,248 individuals and families. The \$1,284,000 in PATH funding for SFY 2012 will be distributed in the following manner:

<b>Department of Health and Mental Hygiene - PATH Program</b>			
<b>Jurisdiction</b>	<b>Administrative Entity</b>	<b>People Served</b>	<b>Financing</b>
Allegany County	Allegany County Mental Health Systems, Inc.	40	\$54,955
Anne Arundel	Anne Arundel County Mental Health Agency	60	\$48,100
Baltimore City	Baltimore Mental Health Systems, Inc.	425	\$335,756

<b>Department of Health and Mental Hygiene - PATH Program</b>			
<b>Jurisdiction</b>	<b>Administrative Entity</b>	<b>People Served</b>	<b>Financing</b>
Baltimore County	Baltimore County Bureau of Mental Health	150	\$96,200
Calvert County	Calvert County Core Service Agency	220	\$30,380
Carroll County	Carroll County Core Service Agency	50	\$37,000
Charles County	Charles County Human Services Partnership	75	\$35,000
Cecil County	Cecil County Core Service Agency	8	\$5,000
Frederick County	Mental Health Management Agency of Frederick	300	\$77,400
Garrett County	Garrett County Core Service Agency	45	\$24,500
Harford County	Harford County Core Service Agency	100	\$71,524
Howard County	Howard County Core Service Agency	90	\$35,478
Mid-Shore Counties	Mid-Shore Mental Health System	100	\$52,624
Montgomery County	Montgomery County Core Service Agency	425	\$115,588
Prince George's County	Prince George's County Department of Family Services, Mental Health Authority Division	150	\$116,264
St. Mary's County	Mental Health Authority of St. Mary's County	400	\$45,950
Somerset County	Somerset County Core Service Agency	100	\$10,000
Washington County	Washington County Core Service Agency	420	\$37,000
Wicomico County	Wicomico County Core Service Agency	40	\$22,000
Worcester County	Worcester County Core Service Agency	50	\$33,281
<b>TOTAL</b>		<b>3,248</b>	<b>\$1,284,000</b>

Additional grants will be used to support needed services. PATH supported services are linked with Shelter Plus Care.

### **Shelter Plus Care Housing Program**

The Mental Hygiene Administration's Shelter Plus Care Housing Program provides tenant-based and/or sponsor-based rental assistance, matched with an array of supportive services tailored to meet the needs of the individual or family. At least 50% of the units are targeted for individuals who are homeless and are being released from detention centers.

In SFY 2012, with the \$4,542,852 in Shelter Plus Care renewal grants, the program projects to serve a total of 637 persons, 136 single individuals with mental illness, 189 families with 312 children and 3 other family members through all of the Shelter Plus Care grant programs.

### **SSI/SSDI, Outreach, Access, and Recovery (SOAR)**

In April 2008, MHA assumed the leadership for the State's SSI/SSDI, Outreach, Access, and Recovery (SOAR) Initiative. For individuals who are homeless access to the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs can be extraordinarily challenging. Nationally, only about 10 to 15 percent of this population who apply for these benefits are approved on the initial application. In Maryland 82 percent of those who were homeless who were assisted with applying for benefits using the SOAR components were approved in an average of 68 days. SOAR offers an expedited process, training for case



managers using the Stepping Stones to Recovery Training Curriculum, strategic planning, and technical assistance.

MHA has ensured a strategic and collaborative approach has been taken to the implementation of SOAR within Maryland. This includes establishing a State Planning Workgroup that meets on a quarterly basis and is attended by key stakeholders, including representatives from Disability Determination Services (DDS), the Social Security Administration (SSA), the Department of Public Safety and Correctional Services (DPSCS), and participating counties; 2-day SOAR trainings; supporting trainers to participate in the National SOAR Train-the-Trainer Program; technical assistance with the collection of SOAR data and collating monthly reports. With additional funding through the alcohol tax, MHA will expand this program in the upcoming fiscal year.

In addition, the Infectious Disease and Environmental Health Administration within DHMH has a specific focus on people with AIDS/HIV and providing assistance through programs such as HOPWA. In terms of meeting housing needs in general, DHCD has the broadest role: to support the development, acquisition and maintenance of affordable, decent housing for low-income people. DHCD provides federal and State funds for rehabilitation of buildings for use as shelters, operation of shelters, and prevention of homelessness. DHR has a similarly broad mandate in terms of services. It is responsible for assisting low-income people with income maintenance, including income supplements, food stamps, and coordinating education and employment training.

#### **1. Preventing Low-Income Families (especially those with incomes below 30 percent of median) From Becoming Homeless.**

A central component to the DHR/OGM homelessness assistance strategy is preventing the onset of homelessness. This approach focuses on providing resources to families and individuals prior to their becoming unsheltered and in emergency situations. While funds under the Emergency and Transitional Housing and Services (ETHS) Program can be used for limited rent and mortgage assistance, the key program in OGM in this prevention effort is the Homelessness Prevention Program.

DHCD operates a number of programs that may prevent persons from becoming homeless. For example, as noted above, under the ESG program, funding may be used for homeless prevention. DHCD also operates the State funded Rental Allowance Program which may provide rent subsidies to homeless persons and families whose incomes are less than 30 percent of Statewide median, as well as the federal Section 8 Housing Choice Voucher program which provides rental subsidies to very low-income and extremely low income housing, some of whom would be at risk of homelessness without Section 8 assistance. This is in addition to the Department's numerous housing production programs, which, while not targeted specifically to the homeless, help prevent homelessness by financing the new construction or rehabilitation of affordable housing for lower income households. Finally, the State has committed to targeting its federal allocation of HOME funds to provide rental housing to serve persons earning 30 percent of median or less, which are households most likely to become homeless because they are most likely to pay more than 30% of their income for housing.

#### **Homelessness Prevention Program**

This program was funded in fiscal year 1993. Activities include direct grants to families and individuals to prevent eviction, landlord-tenant mediation, and early intervention services for at-risk households and seed money for a revolving loan fund for renters. Funds may not be used to assist people who already have been evicted. The program's target populations are families and individuals in crisis who are without resources to meet an impending eviction. Local jurisdictions are required to track and evaluate their programs.

Outside of the Office of Grants Management, but within DHR, are two programs that assist in preventing homelessness: the Family Investment Emergency Assistance Program and the Temporary Cash Assistance (TCA) program.

## **2. Emergency Shelter and Transitional Housing Needs of Homeless Individuals and Homeless Families**

A key component of Maryland's Continuum of Care is meeting emergency and intermediate needs of people who have become homeless. In addition to the numerous programs operated by DHCD which may be used to finance construction of emergency shelters or transitional housing, programs are administered by both DHCD and DHR which support shelter maintenance and operating costs and fund delivery of homeless services.

### **Shelter and Transitional Housing Grants Program**

The Shelter and Transitional Housing Grants Program (STHGP) has provides for the acquisition, renovation and rehabilitation of homelessness assistance facilities throughout Maryland. The program provides funding to nonprofits and local governments. Since DHCD took over administration of this program, the Department has funded 56 projects with 2,342 units/beds utilizing over \$25.6 million in STHGP funding. One project under construction will serve veterans in Western Maryland and another one in the pipeline has VA vouchers for 14 homeless veterans.

### **Freezing Weather Plans**

In fiscal year 1991, the State of Maryland encouraged local governments to plan formally for the needs of homeless people during periods of freezing weather. All 23 Maryland counties and Baltimore City prepare Freezing Weather Plans that outline resources, facilities and procedures for assisting homeless citizens during the coldest days of the winter months.

Each local jurisdiction submits their freezing weather plan to DHR as part of its homeless services funding request. This ensures that local jurisdictions review and amend their freezing weather plans annually. OGM provides local jurisdictions with guidelines on plan preparation, model examples of freezing weather plans, and comments on completed plans. Plans submitted share a key characteristic: the formation of partnerships among a wide range of local government agencies that previously had very little involvement in homelessness. Over the years these partnerships have grown and strengthened.

### **Domestic Violence Program**



DHR's Office of Grants Management administers funding to domestic violence programs throughout the State who provide safe refuge and support services to victims of domestic violence and their children. Services are provided by community agencies through grant agreements. There are 20 domestic violence programs serving 24 jurisdictions (15 programs directly provide shelter; 5 arrange housing through safe home networks, hotels or motels). Each program maintains a 24-hour crisis hotline. Domestic violence programs provide crisis counseling, advocacy and court accompaniment to victims, assisting and empowering victims to identify their options for a safe living environment which may reduce the risk of homelessness. Assistance provided to victims of Domestic Violence Programs includes housing advocacy, and providing legal representation and/or advocacy for the victim in an effort to secure a Civil Protective Order, removing the abuser from the home.

### **Homeless Women – Crisis Shelter Home Program (HW-CS)**

The DHR OGM Homeless Women Crisis Shelter Home Program provides shelter, room and board, counseling, and referral service to homeless women and children in 15 Maryland jurisdictions. The shelters offer a 24-hour crisis hotline in addition to safe accommodations and meals. Other services include direct resource referral for housing, physical and mental health care, education, training, employment services, and case management.

### **Emergency Solutions Grants Program**

DHCD's Emergency Solutions Grants Program (ESG) provides federally funded competitive grants to local governments to support the following costs of emergency and transitional shelters: maintenance and operations, case management and essential services, and a portion of staffing costs. A portion of the grant may be used for homelessness prevention activity, such as for one-time cash assistance to prevent eligible families from being evicted, or rapid rehousing after a family has been evicted. Typically, Community Action Agencies or nonprofit organizations operate these homeless programs, although some are administered by agencies of local governments.

### **3. To Help Homeless Persons Make the Transition to Permanent Housing (including persons with special needs who require services to achieve and maintain independent living)**

A final critical component of the State's Continuum of Care is helping families and individuals transition to permanent housing. In addition to accessing HUD Shelter Plus Care Funds and Supportive Housing Program funds, the State undertakes its own activities to help persons make the transition to permanent housing.

### **Housing Counselor and Aftercare Program**

The Counseling Counselor Program (HCP), operating in five jurisdictions, assists low-income families who are homeless, or in imminent danger of becoming homeless, locate, secure, and maintain permanent housing. Counselors help these families establish adequate credit references and to apply for subsidized housing. The counselors can also help access local public and private resources for the first and last month's rent, security deposits, utility payments, or donations of furniture. They develop and maintain relationships with landlords,



often paving the way for people with credit or reference problems to obtain permanent housing. Other assistance may include helping families locate more affordable housing after a rent increase, or helping to find another apartment located near a bus route that is more suitable for a new place of employment. In many of these instances, people are able to remain in housing or to find new housing before being evicted, and as a result, public and private agencies do not have to make outlays for sheltering these households.

### Emergency and Transitional Housing and Services Program

The Emergency and Transitional Housing and Services Program (ETHS) provides State-funding for emergency and transitional shelters for people who are homeless. ETHS funds shelter beds and support services such as limited rent assistance, food, transportation, and case management. ETHS is administered locally with significant involvement of local homeless agencies in each jurisdiction.

DHR's Office of Grants Management provides housing and supportive service to help homeless individuals and families make the transition to permanent housing. The table below provides a summary of expected activity to assist the homeless during the coming year. It does not include persons to be assisted under federal competitive grants.

Homeless Assistance - Department of Human Resources	
Units of Measurement	FFY 2012 Estimated Assistance
<b>Emergency and Transitional Housing Services</b>	
Bednights in Emergency Shelters (estimate)	600,000
Bednights in Transitional Facilities (estimate)	600,000
Shelters and Transitional Facilities**	75
Emergency Services	80
<b>Homeless Prevention</b>	
Housing Counseling (number served)	1,000
Eviction Prevention (number served)	3,500
Service Linked Housing (number served)	3,400
<b>Emergency Food Assistance</b>	
Occasions of Service Annually (Meals Served)	5,525,392
Pounds of Food Distributed	7,183,009
<b>Domestic Violence Program</b>	
Bednights for Domestic Violence Victims and Their Children	45,629
<b>Homeless Women and Crisis Shelter Program</b>	
Homeless Women's Crisis Shelter Program (number served)	2,700

\*SEE THE DHR ANNUAL REPORT ON HOMELESSNESS SERVICES FOR ADDITIONAL INFORMATION.

DHCD also operates several programs that may help homeless persons make the transition to permanent housing. One is the Rental Allowance Program which provides rent subsidies to

homeless families and individuals who are homeless or are threatened with becoming homeless. In addition, as noted above the Department operates the Shelter and Transitional Housing Grant Program and the Group Home Financing Program both of which can be used to help homeless persons with special needs make the transition to permanent housing. Also, the Emergency Solutions Grants Program as revised places greater emphasis on providing supportive services to homeless individuals and families to help them obtain permanent housing. (See the Specific Information section regarding ESG below.) Lastly, DHCD's rental housing programs finance affordable housing which may be accessed by families achieving self sufficiency.

### **The Chronically Homeless**

The federal government defines a chronically homeless person as "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years". Based on the Point in Time survey information compiled by DHR for the Five Year Plan, there were about 237 chronically homeless individuals in the State's non-entitlement jurisdictions in 2004.

During the next year, the State will support the efforts of State and local housing and health agencies, nonprofits and for-profits, Community Action Agencies, PHAs, and community based and faith based groups, to receive funding under HUD's Supportive Housing, Shelter Plus Care, and Section 8 SRO programs, among others, to provide housing for the chronically homeless. These competitive programs are the primary source of funding for providing permanent housing for chronically homeless individuals, and programs financed under the Supportive Housing Program and the Shelter Plus Care program currently operate in every local homeless continuum in the State. Funding can be used to fund both new projects or renew existing projects, and the State will fully support efforts by eligible applicants to obtain these funds from HUD.

In addition, the State will also support efforts by eligible applicants to receive funding under programs such as the Section 811 program, which is specifically designed to help individuals with disabilities, as well as the Section 202 program, which is primarily aimed at helping the frail elderly but who may be homeless and have disabling conditions. The State will also apply for funding under the Section 811 pilot program for States. The State has also supported and will continue to support efforts by local entities to receive funding under federal programs that help homeless veterans, as well as to pursue funding under special initiatives such as the Samaritan initiative, and/or offered by the U.S. Department of Health and Human Services, the Veteran's Administration, the U.S. Department of Agriculture, or any other agency (or private foundation) that funds efforts to assist the chronically homeless.

In addition to these efforts, DHCD will continue to fund and operate its own programs that can help individuals who are chronically homeless and/or have disabling conditions and need supportive housing. For example, the Group Home Financing Program and Special Housing Opportunities Program have been used by nonprofits, faith based organizations, and community organizations to provide permanent supportive housing for persons in recovery and/or with severely disabling conditions, including persons coming out of homeless shelters.

Lastly, chronically homeless individuals may be assisted with all of the programs operated by DHR, DHMH, and DHCD through the continuum of care discussed above.

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## PERSONS WITH SPECIAL NEEDS

The mentally ill, physically disabled, developmentally disabled, persons with alcohol or other drug addictions, persons with AIDS and related diseases, the elderly requiring supportive services, and the frail elderly are special need groups requiring housing assistance. Activities to be undertaken to assist persons with special needs include new construction, substantial rehabilitation, acquisition, moderate rehabilitation, preservation, lead paint abatement, or related infrastructure improvements for rental housing, rental assistance, and supportive facilities and services.

### **The Elderly and Frail Elderly**

The Maryland Department On Aging (MDoA) supports many programs designed to meet the housing and supportive service needs of Maryland's elderly, and especially frail elderly. DHCD is seeking partnership opportunities with the MDoA, DHR and DHMH to expand affordability in the assisted living market. The table below shows the number of persons MDoA expects to serve during SFY 2012:

MARYLAND DEPARTMENT OF AGING	
UNITS OF MEASUREMENT	ESTIMATED ASSISTANCE FFY 2011/SFY 2012
Congregate Housing Program Participants	716
Senior Assisted Living Group Home Participants	661
Medicaid Waiver Participants	3,750
Senior Care (in home care) Program	3,743

### **Persons with HIV/AIDS**

In order to improve housing opportunities for persons with HIV/AIDS, DHCD works with the AIDS Administration of DHMH to provide housing assistance and supportive services to persons with HIV/AIDS. The State Rural HOPWA program is carried out in Allegany, Caroline, Cecil, Dorchester, Garrett, Kent, St. Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester Counties (the State's remaining areas receive HOPWA funding directly). DHCD uses its portion of the HOPWA grant to operate a tenant based rental assistance program. The AIDS Administration provides supportive services through the HOPWA program. Linkages formed with local social service providers support the social service needs of persons with HIV/AIDS.

Activities undertaken with the grants are carried out in accordance with the guidance required of grant recipients under the Ryan White Comprehensive Emergency (CARE) Act, and the Statewide Coordinated Statement of Need (SCSN) for the State of Maryland. The activities DHCD and DHR are carrying out build on previous competitive grants the State has received to provide supportive services and short term housing assistance. In addition, DHCD will continue its existing policy of assisting persons with HIV/AIDS through its group home programs.

In addition to the State program, the AIDS Administration will also administer the HOPWA program for the Bethesda-Frederick-Gaithersburg Metropolitan district which includes these jurisdictions as well as Frederick and Montgomery Counties. This was done on behalf of the City of Gaithersburg, the original grantee, which passed along the HOPWA grant in this service area to the AIDS Administration for efficiency of operation and service delivery. These HOPWA funds will also be administered and carried out in accordance with The Ryan White/Care Act and the SCSN. Both the rural "State program" and the "Frederick" program will provide persons with HIV/AIDS with tenant based assistance and supportive services. See the "Specific Information" section below for a detailed write up on how the State of Maryland will operate the HOPWA entitlement programs.

### **Individuals with Mental Illness**

The Mental Hygiene Administration of the Department of Health and Mental Hygiene through its public mental health system provide services to individuals with mental illness to include both inpatient and outpatient community services. Currently the Mental Hygiene Administration funds 2,484 adult residential rehabilitation program (RRP) beds in the community. Many of these RRP sites have been financed by DHCD, DBM – Community Bond, RRP providers, and HUD (811 grants). Downsizing and the closure of four Assisted Living Units on the grounds of Springfield and Spring Grove Hospital have added to the number of persons receiving residential services throughout the state. RRP providers have accessed federal and state funding to develop and sustain Supportive Housing in communities to offer housing options for consumers. Over the next five years, partnering efforts will need to focus on assisting over 1000 consumers with mental illness in need of affordable housing that would need to include funding for rental assistance and a variety of support services in order to be discharged from state hospitals and step down from RRP services to independent housing. This is based on the Statewide Needs Assessment for Mental Health Services and the Mental Hygiene Administration's Five-Year Plan for Downsizing and Consolidating of State Psychiatric Hospitals. The Mental Hygiene Administration also reports that they currently have over 700 adults on the waiting list for beds, and that an additional 400 consumers or more in the RRP programs are in need of integrated and affordable housing. Through the partnering efforts of MHA, other DHMH Administrations, local and county housing coalitions, and low income housing developers, accessible, affordable, and integrated supportive housing has become available through DHCD funding, DBM Community Bond, changes in HUD funding through the Non-elderly Disabled (NED vouchers) and HUD 811 PRA, and local county housing initiatives.

MHA has developed Evidence Based Practice projects in the area of Assertive Community Treatment (ACT) that model "Housing First" initiatives in Baltimore City, Anne Arundel, Montgomery, Washington, Fredrick, Howard, Baltimore County, Harford and Prince Georges Counties and currently expanding throughout Maryland. The goal is to provide a multidisciplinary team approach to intensive treatment and case management for individuals with severe and persistent mental illness. These individuals may be homeless or living in temporary living situations. Safe, stable and affordable housing is a key component to a successful outcome in this project. The table below shows the number of persons with mental illness that are served through the Public Mental Health System.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE Mental Hygiene Administration	
Units of Measurement	Est. Assistance: FFY 2011/SFY 2012
Children Discharged from Inpatient Treatment - State Hospitals	192
Adults Discharged from Inpatient Treatment - State Hospitals	981
Individuals Discharged from PMHS Inpatient & Purchase of Care Treatment (Community Based)	10,880
Consumers with SMI receiving Employment Services	2,587
Consumers with SMI receiving Residential Rehab Services	3,877
Children receiving PRP Services	6,1916
Adults receiving PRP Services	11,613
Children receiving Community Based Services	52,298
Adults receiving Community Based Services	81,511

NOTES: 1. Based on Claims Paid Through 03/31/2011.  
2. The last two counts exclude consumers that received Emergency Petition services.  
3. Adult ACT (18+) services – 971 (2010)

### **Persons With Developmental Disabilities**

The DHMH's Developmental Disabilities Administration (DDA) plans, develops, and directs a statewide comprehensive system of services for persons with developmental disabilities and their families. Services include programs for individuals with mental retardation, cerebral palsy, spina bifida, epilepsy, and severe communicative disorders. The DDA coordinates its work with other government, voluntary, and private health, education, and welfare agencies.

The DDA operates residential facilities and also provides funds for purchased care, group homes and apartments, small residential centers, and daytime programs for developmentally disabled persons. In addition, the Administration funds Family and Individual Support Services, and Supported Employment Programs. DHCD works with the DDA by financing group homes for persons with developmental disabilities. As with persons with mental illness, DHMH coordinates service delivery to persons with developmental disabilities through DHMH's Long Term Managed Care Committee. The table below shows projected activities of both housing and supportive services that the DDA expects to provide in SFY 2012:

DEPARTMENT OF HEALTH AND MENTAL HYGIENE Developmental Disabilities Administration	
UNITS OF MEASUREMENT	ESTIMATED ASSISTANCE FFY 2011/SFY 2012
Number of Individuals Served	22,020
Number of Individuals receiving home based services	7,783
Number of Individuals moved out of State Centers	13
Clients receiving community residential services	4,847
Clients in Day programs	5,557
Summer Program	1,882
Family Support Services	2,862
Individual Family Care	225



Individual Support Services	5,251
Behavioral Support Services	1,300
Community Supported Living Arrangements	1,179

### **Persons With Alcohol and Drug Addictions**

The Alcohol and Drug Administration (ADA) of the Department of Health and Mental Hygiene will provide supportive services to individuals on both an in-patient and outpatient basis, and will provide housing with supportive services in residential homes and halfway houses. DHCD also finances group homes for persons with drug and alcohol addictions. Also, as with persons with developmental disabilities and mental illness, DHCD and DHR work together through DHMH's Long Term Management Care Interagency Committee to work toward the best possible care for persons with alcohol and drug addictions. The table below shows the number of persons the ADA will assist in the next year:

<b>DEPARTMENT OF HEALTH AND MENTAL HYGIENE Alcohol and Drug Abuse Administration</b>		
<b>UNITS OF MEASUREMENT</b>	<b>PROGRAMS/ FACILITIES</b>	<b>ESTIMATED ASSISTANCE FFY 2010/SFY2011</b>
Outpatients	65	27,000
Residential Clients	25	6,000
Halfway House	19	570
Methadone Maintenance	18	7,000

### **BARRIER REMOVAL**

The State of Maryland's barrier removal efforts will focus on a number of issues this year. This includes continuing work on building codes, continuing to operate the Accessible Housing for Seniors program, continuing to operate its Homeownership for Persons with Disabilities and Group Home programs, continuing to provide additional affordable housing, and continue to carry out its activities to promote fair housing among other activities.

First, the Department through the Maryland Codes Administration will continue its work on building codes to provide fair housing, to help provide housing for persons with disabilities and, to provide decent, safer, accessible and more energy efficient housing.

Second, the Department will continue its work on the State's rehabilitation code to make it easier to rehabilitate older buildings. Effective April 1, 2013, the Department adopted the 2012 International Existing Building Code as part of the State's Rehabilitation Code as recommended by the Maryland Building Rehabilitation Code Advisory Council. This should help overcome some of the barriers that limit the supply of affordable housing as identified in the Five-Year Plan. This effort will also support the revitalization of Maryland's older communities, another goal of the Five-Year Plan. Specifically in the coming year:

- On January 1, 2012, the State adopted the new building codes, including the 2012 International Energy Conservation Code (IECC).
- The Department will provide technical assistance to communities undertaking housing rehabilitation activity.
- The Department will evaluate rehabilitation projects to determine how best to provide assistance in code compliance and permitting.
- The Rehab Code Hotline (a toll free number for technical assistance on code-related issues) will continue to be used to help people determine the code requirements for their projects. In addition, adoption of the 2009 International Existing Building Code will help communities receive technical assistance including code interpretations from the International Code Council which they would otherwise be unable to access.

Third, DHCD will continue to use its Group Home Financing Program (GHFP), Special Housing Opportunities Program (SHOP), and its' Homeownership for Individuals with Disabilities Programs to help integrate persons with disabilities into the community. GHFP and SHOP are specifically designed to assist the State with setting up small residential homes in the communities for special needs populations. The majority of homes financed under the program are to DHMH licensed providers who are caring for developmentally disabled or mentally ill many of whom previously resided in institutions. Very few other States provide this financing tool. The majority of homes financed under the program are for DHMH licensed providers who are caring for developmentally disabled or mentally ill, many of whom previously lived in institutions. While the Olmstead decision only addressed the right of the mentally ill to live outside of institutions, GHFP encompasses a much broader definition of special needs populations ranging from the developmentally disabled, juveniles, homeless, mentally ill, etc. GHFP Statute changed to permit refinancing mortgages on group homes and structuring of debt on a GHFP loan prior to default. Prior to this change, only SHOP funds could be used to refinance a mortgage on a group home. This change became effective on February 7, 2011. The Homeownership for Individuals with Disabilities Program provides mortgages funded by limited state resources blended with bond funds at a below market rate for disabled individuals, families with disabled children and borrowers who are guardians for an immediate family member who is disabled to purchase their home.

Fourth, DHCD will continue to offer bonus points to developers who provide accessible housing to persons with disabilities through the Qualified Allocation Plan. DHCD revised its rating and ranking to include these bonus points in 2002 to encourage set-aside of rental units for households with disabled individuals. This change has led to a substantial increase in the number of units built for disabled persons, affirmatively furthering fair housing for persons with disabilities by providing them with more housing choice. In the 2011 QAP revision, rating and ranking points were added for projects committing to rent at least 10 percent of the total units to disabled households with incomes of 30 percent or less of area median income. DHCD has also implemented regulatory changes to the state-funded Partnership Rental Housing Program and received funding from the Weinberg Foundation to provide additional financing to ensure that rental units are affordable to disabled households with incomes at or below 30% of Area Median Income. The 2013 QAP revision is not complete, but a proposed threshold of 5% of all units restricted to persons with disabilities and points awarded for projects serving non-elderly persons with disabilities. These units will be coordinated with the PRA Demonstration noted in the one-year goals for this year above.



Fifth, DHCD's Accessible Housing for Seniors (AHFS) program removes physical barriers in housing that will allow seniors to age in place. As noted above, this program will pay for items such as the installation of grab bars, levers, and railings, widening of doorways, installation of accessible showers, and installation of ramps, among other uses, and also affirmatively furthers fair housing by providing seniors with more housing choice. (NOTE: A bill is before the Legislature that could add a Grant element to the AHFS program in an attempt to mitigate the primary reason for lack of interest by the senior population.)

Sixth, DHCD will undertake efforts to address the impediments found in its Analysis of Impediments to Fair Housing Choice. In addition to the work mentioned above to improve housing access to persons with disabilities, this will also include advocating to the federal government as part of financial reform legislation improved reporting and data requirements for Home Mortgage Disclosure Act Data so a clearer picture of lending practices can be made. (NOTE: DHCD advocated for this legislation, including testimony by the Secretary before Congress. The legislation was passed, but Congressional infighting delayed the appointment of a head of the new consumer protection agency until earlier this year. Consequently, new rules and regulations are only now being developed for legislation enacted two years ago.) DHCD will also undertake fair housing education efforts this year, which was one of the strategies laid out in its Analysis of Impediments.

Seventh, as part of its outreach and monitoring program, the DHCD Office of Fair Practice will conduct technical assistance and monitoring visits of CDBG recipients, in addition, technical assistance will be provided to HOME Program staff. During the visits, grant recipients are continued to be encouraged to develop plans to affirmatively promote fair housing and the Section 3 program. The Office of Fair Practices will also carry out educational activities in the non-entitlement areas. The following outreach plans for the coming year include:

- Distribution of Fair Housing brochures and posters to organizations and agencies in the region.
- Promotion of April as Fair Housing month including print media, electronic distribution and community outreach events.
- Conduct Fair Housing Outreach events throughout the State of Maryland in conjunction with the U.S. Housing and Urban Development's (FHEO) Baltimore Field Office focusing on fair lending, discrimination, fair housing rights and responsibilities, homeowner preservation, reasonable accommodations, current foreclosure crisis and fair housing and the environment. Continue to participate in outreach events with Baltimore Neighborhood Inc. (BNI), as an exhibitor and Projected Sites for training in conjunction with U.S. Housing and Urban Development (FHEO) these sites include: Baltimore City, Anne Arundel, Alleghany, Baltimore, Cecil, and Worcester Counties.
- Host Section 3 Compliance Education Summit and Coordinator Training for northeastern region in the month of September. (Tentative)

While DHCD is undertaking these efforts, the Maryland Commission on Civil Rights (MCCR), which has primary responsibility for carrying out fair housing activities, will continue its work toward providing fair housing opportunities to all of Maryland's citizens. Activities the MCCR will carry out include complaint investigation, and legal action as appropriate where fair housing violations are found and not otherwise resolved.



## COORDINATION

During the next year, the State of Maryland will undertake a number of efforts to improve coordination among State agencies, local governments, and nonprofit organizations.

- To improve the ability of non-profits to deliver housing and/or other services, DHCD will continue to set aside money from its HOME program to assist CHDOs build their capacity to better serve low-income persons. Some of these entities are also Community Action Agencies that carry out anti-poverty programs.
- Through a partnership with the John D. and Catherine T. MacArthur Foundation, DHCD will work with nine (9) counties in Maryland in a coordinated manner to foster the preservation of affordable rental housing.
- DHCD will continue to work with Department of Disabilities (DoD) and Department of Human Resources (DHR) to provide more housing for very low income Marylanders. DHCD is coordinating the use of the Weinberg Grant with DoD and DHR.
- DHCD will continue its coordination for energy efficiency with MEA, PSC, weatherization and sources of funding from HUD, DOE, PSC and utility companies.
- DHCD will continue to fund its Homeownership for Individuals with Disabilities Program, working with DHMH and other agencies to enable persons with disabilities, families with disabled children and borrowers who are guardians for an immediate family member who is disabled to purchase their own home.
- DHCD will work with the State's Public Housing Authorities and local government partners to provide technical support and financing to help them rehabilitate their properties. On a regular basis, DHCD staff meet with executive directions of Public Housing Authorities (in both individual and group settings) to discuss specific financing strategies for their projects.
- DHCD will continue to work with the Maryland Department of Aging to carry out the Accessible Housing for Seniors program.
- DHCD's Division of Neighborhood Revitalization will work with local Continuums of Care to continue to find solutions to help the homeless, including increased coordination and participation in funding efforts under the Emergency Solutions Grant Program.
- DHCD's Division of Neighborhood Revitalization will coordinate with the Governor's Office of Business Advocacy and Small Business Assistance (GOBA) and the Office of Minority Affairs, as well as the Maryland Department of Transportation (MDOT) and Department of Business and Economic Development (DBED) to increase their awareness of the Neighborhood BusinessWorks (NBW), Maryland Capital Access and Linked Deposit Program and the gap financing, credit assurance/loan loss reserves and interest rate buydowns available for state-up and expanding small and micro businesses located in revitalization areas across the State.
- DHCD's Division of Neighborhood Revitalization will continue to collaborate with the U.S. Small Business Administration to promote the Neighborhood BusinessWorks Program.
- DHCD's Division of Neighborhood Revitalization will work with the Small Business Development Center Network and other providers of support to small and micro business (e.g., Morgan State University) in order to generate new referrals of small businesses seeking gap financing.
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with the Maryland Department of Environment and the U.S. Department of Agriculture to cross refer infrastructure projects to the most appropriate funding source.

- DHCD's Division of Neighborhood Revitalization will continue to coordinate marketing of the Community Investment Tax Credit program with both internal and external partners including but not limited to the local Community Development Corporations and Community Action Agencies, Main Street Maryland nonprofit organizations and their partners, the HOPE Housing Counseling Network, the Maryland Historical Trust, the Maryland Comptroller's Division of Revenue Administration, the Maryland Association of Nonprofit Organizations, the Maryland Chamber of Commerce, the Maryland Association of Realtors, the Maryland Economic Development Association, and the Maryland Association of Certified Public Accountants.
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with the Maryland Departments of Natural Resources, Health and Mental Hygiene, Aging and Transportation regarding projects that can be jointly funded.
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with its primary customers - local governments, community development corporations, nonprofit organizations, and small businesses to provide a variety of technical and financial resources
- DHCD will work with the Governor's Grants Office, as well as eligible applicants, in obtaining both federal and foundation grants for itself and its partners.
- Smart Growth – DHCD will work with other State agencies in promoting Smart Growth throughout Maryland.
- DHCD will work with the Maryland Department of Planning, Maryland Department of Transportation, Maryland Department of the Environment and other State agencies and departments to implement the State's Development Plan, Housing Plan, and Transportation Plan.
- DHCD will work with the Maryland Departments of Agriculture, Aging, Business and Economic Development, Disabilities, Environment, Health and Mental Hygiene, Juvenile Services, Public Safety and Correctional Services, Natural Resources, Planning, Education, Budget and Management, General Services, Human Resources, Veterans Affairs, Transportation and Labor, Licensing and Regulation, as well as the State Police on developing a uniform GIS system for the entire State with shared databases of all GIS data developed by these agencies to promote better planning and coordination of programs.

## OTHER ACTIONS

The State of Maryland will undertake a number of other actions to help implement the goals of the Consolidated Plan in the coming year:

**Local Government Revitalization Strategies.** DHCD will continue to provide technical assistance to help local governments designate their Smart Growth and revitalization areas.

**Institutional Structure.** The State will use inter-departmental forums and meetings to coordinate resources, develop consistent policies and methods to achieve stated goals and objectives. As noted above, DHCD has enacted several new policies in the past several years to improve the ability of developers to provide affordable rental housing. These programs include the rental housing preservation initiative with the John D. and Catherine T. MacArthur Foundation, streamlined bond program, the reopening of MHRP-MF, and changes to PRHP. The MacArthur Foundation preservation initiative includes working with HUD and the nine counties impacted most heavily by the BRAC to standardize underwriting for preservation projects, and working with the Maryland Energy Administration (MEA) and Public Service



Commission (PSC) to strengthen energy efficiency and green building initiatives. Community Development coordination will be improved and streamlined through the State's Development Plan, as well as the federal and State Sustainable Community Initiatives.

**Federal Low-Income Housing Tax Credits.** DHCD has a uniform application and process for allocating tax credits that is also used in the award of rental housing funds from State and federal resources. The uniform application and allocation process was developed in 1995 to improve coordination of all programs providing funding for multifamily rental housing projects. Federal Low-Income Housing Tax Credits will continue to be awarded through DHCD's uniform allocation process for multi-family housing.

One or more competitive rounds are held annually and awards are based on the criteria outlined in the state's "Qualified Allocation Plan" (QAP) and in the Multifamily Rental Financing Program Guide (the Guide). These plans are reviewed periodically and updated in accordance with the department's goals, industry standards and periodic revisions to Section 42 of the Internal Revenue Code. An update to the QAP and Guide became effective in January 2011 and will guide financing and allocation decisions through the CY 2011-2012 competitive cycle. In addition to maintaining the Department's goal of financing projects with experienced development teams, high development quality, a strong market demand, and high public purpose, notable changes in the latest update included:

- Newly-established preference for projects located in Counties that will be affected by economic growth in the coming years as a result of BRAC (Base Realignment and Closure)
- Increased preferences for projects built using sustainable and energy efficient construction methods and materials selections.
- Adjustments to the maximum subsidy allocations and construction cost standards to reflect current market realities
- Increased preferences to reward those projects conforming to established Transit Oriented Development (DHCD) and other "smart growth" criteria.

**NOTE: DHCD has retained the services of a consultant to facilitate a thorough and comprehensive revision of the QAP which is anticipated to be released in final format the summer of 2013. The revision will respond to the current rental housing market and the needs of Maryland's citizens and stakeholders. The revised QAP will be in effect for the CY 2013 competitive cycle.**

**Public Housing.** DHCD does not operate public housing units. However, it does work with Public Housing Agencies (PHAs) to help them construct or rehabilitate affordable rental housing through its Partnership Rental Housing Program. PHAs have also completed for State funds and tax credits to rehabilitate or develop public housing units.

Over the past several years, DHCD has worked with several housing authorities to assist in their efforts to expand and modernize their housing stock. In partnership with the Housing Opportunities Commission of Montgomery County, DHCD has financed several properties, most recently Hampden Lane.

DHCD has worked closely with the Housing Authority of the City of Annapolis to begin financing the redevelopment of some of the older properties in the City's portfolio. Replacement of the



Obery Court public housing complex is now underway thanks to DHCD financing. The second phase of this redevelopment project is nearing completion, and an application for financing of the second phase is under consideration for funding. DHCD is currently working with the Howard County Housing Commission on the 198 unit Hilltop Phase I project which is under construction. Funding for Hilltop Phase I included tax exempt bonds with FHA Risk Share enhancement, 4% LIHTC, and State PRHP funds. Hilltop Phase II is currently in the DHCD bond pipeline.

One project was completed and one project is under construction sponsored by the Housing Authority of Saint Mary's County (Greenview Village Apartments and Indian Bridge Apartments.) DHCD continues to assist Baltimore City and other jurisdictions with replacement housing. In addition to the above, DHCD has been a financing partner for other PHAs including Baltimore City, the City of Hagerstown, City of Frederick, City of Cumberland, and Queen Anne's County, among others

*Helping Public Housing Residents become Homeowners* As noted above, DHCD created a homeownership program for Section 8 Voucher holders several years ago and will continue its Section 8 homeownership program. In addition, PHA residents are eligible applicants under DHCD's homeownership programs which offer Downpayment and closing cost assistance and reduced interest rates to first time homebuyers.

*Helping Troubled PHAs* As part of the 1998 Quality Housing and Workforce Responsibility Act (QHWRA), Maryland and other States must describe how they would assist troubled PHAs with "financial or technical assistance" to help them lose their troubled status. HUD scores PHAs on their management practices and the physical quality of their units - a SEMAP or PHAS score under 60% results in a PHA being given "troubled" status.

In the event a PHA is designated as troubled, DHCD will cooperate with HUD to provide technical assistance to help them lose their troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer could include, asset management, property management, or day-to-day operations, as appropriate. (We would note that while we can provide some assistance, HUD's Office of Public and Indian Housing (PIH) requires troubled PHAs to get assistance from HUD approved TA providers such as Nan McKay or NAHRO. DHCD is not a HUD-approved TA provider.)

In addition, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions, are eligible applicants for DHCD's housing rehabilitation programs, including for the rehabilitation of both multi-family and single family properties. DHCD has helped troubled PHAs with these resources in the past.

### **Preservation of Affordable Housing**

The Department received \$4.5 million from the John D. and Catherine T. MacArthur Foundation under the *Window of Opportunity* Affordable Rental Housing Preservation Initiative. Goals include systematic change and preservation of a total of 14,000 units of rental housing in the initial 10-year term in nine BRAC counties. The 14,000 unit goal represents an incremental increase of 9,000 units over the 5,000 "baseline" DHCD would have expected to finance without

the support of the Foundation. Because of the MacArthur initiative, the Department has enhanced its preservation efforts to include data analysis and assessment, education and outreach, energy efficiency promotion, strategic rental preservation financing activity, and rental preservation compact with stakeholders. These efforts are the catalyst for building the capacity of the state, local jurisdictions and individual property owners to realize the benefits of investment in preservation through a unified and targeted approach to ensuring rental affordability.

Highlights noted in the 2012 Annual Report to the MacArthur Foundation included updating of County-wide market studies and Risk Rating analyses, continued educational and outreach efforts with public and private sector partners, significant new funding commitments from new sources to support the expansion of energy efficiency programs, and continued strong production of quality affordable rental housing. The demand for energy audits and energy retrofits was high and is a major factor in preserving affordable rental housing. MacArthur funding for Green Grants is available only in BRAC counties, but the DOE and PSC funding for the Multifamily Energy Efficiency and Housing Affordability Program (MEEHA) extend the program to other counties of the State. MEEHA grant funding has been spent by April 2012, but the Better Buildings loan funding will continue the energy efficiency Program. New sources of funding include the Harry and Jeanette Weinberg Foundation grant for affordable housing for the disabled, HUD Energy Innovations Fund for 10 projects, and funds for energy efficiency from the Maryland Public Service Commission.

DHCD continues to educate and conduct outreach with local and national stakeholders around multi-family preservation and energy efficiency throughout the State. Working with the Montgomery County Affordable Housing Coalition, periodic industry panels run by organizations including the Housing Association of Nonprofit Developers (HAND), the Maryland Affordable Housing Coalition (MAHC) and the Asset Building and Community Development (ABCD) Network, provided opportunities for DHCD staff to share best practices and facilitate discussion around policy impacting preservation of affordable rental housing. Additionally, DHCD has been working with its sister agencies and county governments to share information about our rental preservation efforts so that these efforts can be part of broader State efforts concerning sustainable communities, transit-oriented development, and Plan Maryland.

The Department is an active source of financing for sponsors of affordable housing preservation projects in all parts of the State. Financed sources include: Low Income Housing Tax Credits, and federal historic tax credits from the U. S. Department of the Treasury; New Issue Bond Program funding with HUD FHA Risk Share credit enhancement; Rural Development programs from The U. S. Department of Agriculture, energy grants and loans with funds administered by DHCD from the U. S. Department of Energy; capital and operating funds from the U. S. Department of Veterans Affairs; local government partners that issue loans, grants, and tax-exempt bonds in conjunction with the Department's 4% tax credits, non-profit agencies and foundations; restructuring/modifications of properties in the Department's existing portfolio; as well as commercial banks. One of the programs under the MacArthur Initiative available in BRAC counties is the MD-BRAC Preservation Loan Fund where local governments have made a contribution. Four counties have joined and contributed matching funds and other counties are exploring the possibilities.



The Maryland Assisted Housing Preservation Act provides for ample notice, relocation and other protections for residents of assisted housing. The notice requirements allows DHCD time to work with local government and other stakeholders on a case-by-case basis to provide incentives for owners, who would otherwise opt-out of the Section 8 program, to keep their projects affordable. To assist many low income Marylanders who are living in affordable rental properties, preservation of Maryland's stock of project-based Section 8 housing is a major goal of DHCD.

**Lead Paint Abatement.** The State of Maryland will be pro-active in its efforts to address the lead paint issue. DHCD operates it own lead abatement program funded with State appropriations that help control lead hazards, and the Maryland Department of the Environment enforces lead paid reduction and control rules for landlords which also helps substantially reduce childhood exposure to lead based paint. (NOTE: The General Assembly is working on several pieces of legislation regarding Lead Paint issues at press time.)

### SPECIFIC INFORMATION

The information below provides detailed guidance on how the State will operate the HOME, CDBG, and ESG programs during the coming year. Included is information on the application process, threshold criteria, rating and ranking, and other program requirements to be met by HOME, CDBG, or ESG program applicants.

DHCD expects to receive the following FFY 12/SFY 2013 allocation of funds from HUD for the CDBG, HOME, and ESG programs. (NOTE: FFY 13/SFY 14 ALLOCATIONS ARE NOT AVAILABLE AT PRESS TIME DUE TO FEDERAL BUDGET ISSUES).

- CDBG - \$6,751,086
- HOME - \$4,093,567
- ESG - \$1,089,670
- Rural HOPWA - \$409,020
- Montgomery/Frederick HOPWA - \$707,425

### COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Maryland Community Development Block Grant Program (CDBG) is a federally funded program designed to assist units of local government with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for the non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 and municipalities of less than 50,000 in population.

The State of Maryland has assumed the responsibility for the administration of the program from the U.S. Department of Housing and Urban Development (HUD) and is the responsible entity for ensuring that the program is managed in compliance with regulations and requirements of CDBG and HUD. The Maryland CDBG program is administered by the Department of Housing and Community Development (DHCD), however, the Department of



Business and Economic Development (DBED) manages the selection and award of economic development projects.

The State provides CDBG funds primarily as gap funding for projects selected by communities to meet their needs. The funds are awarded through three funding categories: Community Development, Economic Development and Special Projects and Planning. DHCD awards funds for projects from the Community Development category through an annual competition. DHCD awards funds for projects from the Special Projects and Planning category on a first come, first serve basis. Applicants for economic development projects must consult with DBED and be invited to submit an application for funding.

### **State Fiscal Year 2014/Federal Fiscal Year 2013**

For SFY 2014/FFY 2013, the State of Maryland anticipates receiving an award of \$6,406,781. At the time of publication of this document, the Federal Fiscal Year budget had not been approved. The State used the SFY 13/FFY 12 allocation as a basis and subtracted 5.1% to allow for the federal sequestration. The remaining amount is divided into the following categories:

<b>STATE OF MARYLAND CDBG ALLOCATION – SFY 2014</b>	
State Administration (2% + \$100,000)	\$228,136
Technical Assistance (1%)	\$64,068
Community Development (76% - \$600,000)	\$4,269,153
Special Projects and Planning	\$500,000
Economic Development (21%)	\$1,345,424
<b>TOTAL</b>	<b>\$6,406,781</b>

The State will also award funds received as program income, repayments due to monitoring findings, or through recapture of unexpended grant funds.

### **CDBG Match Requirements**

The State will match the two-percent administrative allowance with State general funds. The one percent Technical Assistance funds will be used to provide technical assistance to grantees and potential CDBG recipients.

### **Program Objectives**

The primary objectives of the Maryland CDBG program are to provide decent housing and necessary supporting infrastructure, preserve and develop viable communities through the expansion of economic opportunities, and meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended:

- gives maximum feasible priority to activities that will benefit low and moderate (LMI) persons and households having an income equal to or less than the Section 8 lower income limits established by HUD;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.

Additional Maryland CDBG program objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;
- directing growth to existing population centers;
- providing essential public services to low and moderate income persons;
- encouraging collaboration with Maryland State, federal and local programs focused on community development, economic development and planning efforts;
- supporting initiatives that preserve affordable homeownership; and
- supporting initiatives and activities that benefit those serving or who have served in the U.S. armed forces.

## **COMMUNITY DEVELOPMENT PROJECTS**

### **Application Process**

Applications for community development projects are accepted annually on a competitive basis. The funding round is announced in advance of program opening, and applicants are given a minimum of 45 days to prepare their applications. Any funds not awarded in the competition will be added to the Special Projects and Planning category.

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. At the completion of the threshold review, applicants will be notified by mail if their application will be reviewed. Applications are rejected if the application is not complete, the application is not received by the established due date, the proposed project and/or activities do not meet the eligibility requirements, or the applicant does not meet established performance thresholds.

### **Threshold Review**

CDBG Program Staff will conduct a threshold review of the submitted applications. Staff will determine if the application meets eligibility requirements and performance thresholds.

Eligibility - Each application must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction;
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) grant subrecipient or housing developer is eligible;

- The project is located in a Priority Funding area, except for single family housing rehabilitation, or where the Secretary determines that the project is necessary to protect public health, alleviate personal economic hardship in an emergency situation or promote economically integrated housing, or where an exception has been approved through the Department of Planning process;

The maximum amount an applicant may seek in the competitive round of CDBG funds distributed by DHCD is \$800,000.

**Performance Thresholds** - There are performance thresholds related to previous CDBG grants that must be met by applicants. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting and monitoring requirements as established each year.

1. **Financial** - Expenditure of certain minimum percentages of previous grants must be met by the submission date of the application in the competitive process. These percentages will be announced at the opening of each round and are more fully described in the CDBG Policies and Procedures Manual. They will apply to open Maryland CDBG program grants in any category. Waiver requests will only be considered for extenuating circumstances if a grantee has only one open grant that does not meet the financial threshold requirement.
2. **Reporting** – Applicants must be current with submission of any reports due to the program in relation to existing grants.
3. **Monitoring** - Monitoring issues will be reviewed on a case by case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee to resolve the issue(s), and the timeliness of the grantee in responding.

No waiver requests may be submitted if a grantee has more than one grant that does not meet threshold.

Additionally, grantees that have revolving loan funds (RLFs) that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs. Grantees may be required to submit additional information to explain large loan balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

### **Project Evaluation**

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to answer the committee's questions either via phone or e-mail.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be



considered in determining the points assigned. A copy of the rating form may be obtained from the CDBG program staff or on the DHCD CDBG website.

<b>RANKING FACTOR</b>	<b>MAXIMUM POINTS</b>
<b>PUBLIC PURPOSE</b> Consistency (10) Severity of Need (30) Community Support (5)	<b>45 Points</b>
<b>PROJECT IMPACT</b> Impact on Need (10) Benefit to LMI Households (15)	<b>25 Points</b>
<b>PROJECT MANAGEMENT</b> Readiness To Proceed (35) Accuracy of Costs (10) Capacity (10)	<b>55 Points</b>
<b>LOCAL COMMITMENT</b> Local Commitment (10) Debt Service (5) Leveraging (10)	<b>25 Points</b>
<b>BONUS POINTS</b>	<b>12 Points</b>

Applicants may receive up to 12 bonus points for meeting one or more of the following criteria:

1. Project will use innovative materials or methods (2 Points);
2. Project activities include the acquisition and reuse of foreclosed projects (2 Points);
3. Project activities include the replacement of utilities in existing buildings with energy saving materials (2 Points);
4. Project will use green building standards and practices for new construction or renovation (2 Points);
5. Project activities will eliminate impediments to fair housing in the community (2 Points); or
6. Project activities will provide benefit to those serving or have served in the U.S. armed forces (2 Points).

#### **Public Purpose/Local Need (45 maximum points)**

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions are documented. *Please note that documentation in support of the need is the key to receipt of maximum points.*

Community Support and Involvement (5 maximum points). Maximum points may be awarded based on evidence of community support and involvement in the project development and implementation. Letters of general support and participation may include local interest or

neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from the project.

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project is specifically identified and consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure.

### **Project Impact (25 maximum points)**

Impact on Need (10 maximum points). Points may be awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant.

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points may be awarded to projects where there is a direct benefit to LMI households. Moderate points will be awarded to projects where there is an area wide benefit to LMI households. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

### **Project Management (55 maximum points)**

Readiness to Proceed (35 maximum points). Points may be awarded for the extent to which the project is ready to proceed and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary or final engineering, commitment of other project financing or the development of rehabilitation guidelines. If the applicant is not able to document that other funds are committed, they will not receive any points under this section because the project is not ready to proceed. This category considers the project as a whole.

**The schedule should begin with July as the anticipated date of the CDBG award.**

An applicant may receive thirty-five (35) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and are able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

An applicant may receive twenty (20) points based on the following factors:

4. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 120 days (does not include easement acquisition, can bid project within 120 days, and are able to start construction within 150 days.
5. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 15% of properties to be rehabilitated, and can bid work in 90 days.
6. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 60 days.

An applicant may receive ten (10) points based on the following factors:

1. Construction Projects: Applicant will complete design and/or engineering within 90 days of the award, will complete acquisition if applicable, within 120 days, and will bid project within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 5% of properties to be rehabilitated, and can bid work in 120 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 75 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

**Accuracy of Costs (10 maximum points).** Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

**Administrative Capacity (10 maximum points).** Points may be awarded for projects based on the general stability and track record of the local government and the subrecipient or developer, where applicable, with CDBG grants (5 points maximum) as well as the adequacy of staff to implement the project (5 points maximum).

### **Local Commitment and Leveraging (25 points maximum)**

**Local Commitment (10 maximum points).** The Department will consider the extent to which local funds will be contributed to the project. Maximum points (10) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of total project costs receives 8 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution.

Local funds include cash, debt service and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the



donation or long term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes. The contribution may be provided by the local government or directly by a subrecipient or developer.

Debt Service (5 points). Applications will receive 5 points if the funding sources include loans (including federal and state loans) borrowed specifically for the project that have been secured by the local government, subrecipient or developer. Applicants shall provide executed copies of loan documents as evidence. This does not apply to forgivable loans or those that are deferred for an extended period of time.

Leveraging (10 maximum points). The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds (non-local). Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding sources are available but are not sought. Leveraged funds include other public or private grant funds and individual or corporate donations.

### **Funding Recommendations**

The highest rated applications are recommended for funding until the available funds for the round are exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are not recommended for funding.

***The committee may recommend an award less than the requested amount with a recommendation to decrease the size, scope and/or costs of the project. A planning grant may be awarded in lieu of project funding where further study is deemed necessary.***

Committee recommendations (both for approval and rejection) are reviewed by the Assistant Secretary for Neighborhood Revitalization and forwarded to the Secretary of DHCD final approval. In addition to the rating criteria, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's community development objectives and priorities
- The availability of alternate or contributing funding sources for the total project or some of its components
- A reasonable distribution of projects among regions of the State
- The ability to respond to a locality's special needs, and
- The degree of community commitment for the project.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

Those applications not funded are rejected and are not reconsidered unless the applicant reapplies in a later round or is considered for Special Projects at the discretion of the Secretary. The application then is competitively rated against the applications received in that round.

### **Special Projects and Planning Applications**

Special Projects and Planning applications may be submitted anytime, however, applicants must consult with CDBG program staff prior to submission. Those submitted are reviewed by CDBG program staff and are subject to the same Threshold Criteria as community development projects. They are also required to meet the minimum point standard of 105 points. A set amount of the Community Development set-aside is reserved for special projects and planning grants.

Applications may be submitted for special projects funds based on:

- high priority and emergency need;
- timing of the request is out of cycle; or
- the need for supplemental funding for an existing project.

Applicants may seek up to \$50,000 for planning grants. A match is required but no more than 5% can be in-kind. (Planning grants for economic development activities can be funded from the economic development set-aside and are not subject to the \$50,000 limit).

The State may also use funds from this category to fund requests for additional funding for existing grants. Grantees may not apply for additional funds for a previously funded project unless there are extenuating circumstances surrounding the shortfall. If the amount needed is higher than \$75,000, grantees must apply for funding through the next community development application round. Grantees must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries, if applicable (i.e., job creation), tax revenues, and/or private sector leverage;
3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

Special Projects and Planning grant funding recommendations are made on a case by case basis to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

### **ECONOMIC DEVELOPMENT PROJECTS**

Economic Development funding may be awarded for a variety of economic development activities. CDBG is a financing resource to support local economic development initiatives

either by direct public improvements to facilitate new industry or through loans to assist businesses. Job creation through business expansion in Maryland's rural communities is the primary objective of the economic development category of CDBG. Additionally, economic development funds may be used by local governments to assist with commercial revitalization projects that will address downtown deterioration and that will promote economic vitality.

Applications for Economic Development funding may be submitted at any time throughout the year. There is no limit to the number of applications a jurisdiction may submit each year in the ED category. There is no maximum grant amount. Prior to submission of an application for funding, a pre-application conference is required. If the project proposal is accepted for funding consideration, an application would be invited. The application is reviewed by the Program Manager who makes recommendations to the Credit Committee. The final decision is made by the DBED Secretary. The eligibility and threshold review is conducted by DHCD once an application has been submitted for funding.

Each application must meet the following minimum eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction;
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed (if any) grant subrecipient or business is eligible;
- The proposed project meets a national objective as required under 24 CFR Part 570; and
- The project is located in a Priority Funding area, except where the Secretary of DBED has determined that the project is consistent with the State's overall economic development strategy, or where an exception has been approved through the Department of Planning process;

The economic development criteria are:

- a. compatibility with the State's overall economic development strategy with emphasis upon the targeted growth industry sectors;
- b. project feasibility;
- c. sources and uses of funds;
- d. LMI benefit - costs per job;
- e. readiness to proceed;
- f. local commitment;
- g. capacity to administer a grant;
- h. prior performance in administering grants; and
- i. an analysis of unexpended funds in other CDBG grants.

The following are additional areas under which prospective projects are accepted for funding consideration:

- a. projects that diversify the economy of the town, county or region and help to save or create jobs;
- b. projects that prevent a major plant shutdown; or
- c. projects that foster the development and growth of small, minority and woman owned businesses including micro-enterprises.



ED applications initially are reviewed by DBED and DHCD for eligibility requirements. Additional reviews are based on criteria established for the category and on benchmarks which strive to identify the most compelling ED projects. These include:

- a. amount or percentage of local commitment;
- b. leveraging ratio of owner invested capital, private and other public funds to CDBG is acceptable;
- c. CDBG cost per job is \$25,000 or less;
- d. number of jobs created for or retained by LMI persons;
- e. percentage of the CDBG financing used for working capital to the total working capital need does not exceed 25 percent;
- f. negotiated interest rate and maturity of a loan will reflect the appropriate terms necessary to make the project feasible;
- g. quality of collateral;
- h. the highest degree to which ED goals are achieved by the project as it pertains to the overall ED strategy.

Deviation from the above criteria will be based on justifiable circumstances and in consideration of the merit of the project as it relates to public benefit and/or increased economic stability.

If the project includes a loan to a for-profit business, the loan is underwritten for an "appropriateness" determination, which includes financial analysis and determination of public benefit.

Recommendations are forwarded to the Secretary of DBED for final approval. The Secretary may approve or reject a recommendation based on the following additional factors:

- a. degree to which the project supports the State's small businesses, especially those owned by minorities and women;
- b. support of industry that exports goods or services outside the State; or
- c. increased economic vitality and physical attractiveness of downtowns and other concentrated commercial areas.

If two or more projects are evaluated equally, the higher rated project will be the one which ranks first among these priority criteria:

- a. creates the most jobs for LMI persons;
- b. business site is within an enterprise zone; or
- c. makes the greatest impact on the identified needs of the community.

*Grantees may not apply for additional funds for a previously funded project unless there are extenuating circumstances surrounding the shortfall.* They must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries, if applicable (i.e., job creation), tax revenues, and/or private sector leverage;

3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

Additionally, grantees that have revolving loan funds (RLFs) that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs. Grantees may be required to submit additional information to explain large loan balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

## **PROGRAM POLICIES AND PROCEDURES**

The following CDBG program policies and procedures have been highlighted. These are in addition to federal statutory and regulatory requirements that must be met by grantees for each funded CDBG grants.

### **Citizen Participation**

In accordance with 24 CFR 570.486(a), jurisdictions must comply with citizen participation requirements when seeking CDBG funding and implementing a CDBG funded project. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions.

A jurisdiction's *Citizen Participation Plan* is effective for a three year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must submit a new plan with their application.

A jurisdiction is to conduct a minimum of two public hearings for a CDBG project. Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting an application or already has one in progress. The first hearing must take place prior to submission of an application to the CDBG Program. It must cover community development, economic development and housing needs and discuss the development of proposed activities. The second hearing should provide a review of program performance and status of grant activities. The second public hearing must be held prior to grant end date. The notice of the hearings must be published in a local newspaper at least five (5) days prior to the hearing.

Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the handicapped.

Jurisdictions must also take into account the needs of non-English speaking residents. In jurisdictions where it has been determined that there is a significant number of non-English speaking residents, the jurisdiction must make efforts to translate hearing notices and other relevant information and/or demonstrate other efforts of outreach to those residents. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents

where a significant number of non-English speaking residents can reasonably be expected to participate.

### **Funds Transfer**

No later than eight months from the award date of the State allocation, DHCD and DBED will consult regarding the status of funds and pending projects to assess the need for transfer of unobligated funds between categories. With mutual concurrence of the Secretaries of DHCD and DBED, unobligated funds remaining in the Economic Development category will be made available for funding Community Development projects. If sufficient qualifying Community Development applications are not then pending, the funds may be awarded to the next qualifying Special Project or rolled into a future competitive funding round.

With concurrence of both agencies, funds also may be transferred between categories at any time during the year to meet additional demand for funds for special projects or community development projects.

A review of the Special Projects and Planning balance will occur prior to the announcement of the annual Community Development competitive round. If sufficient projects have not been funded or are not expected to obligate the entire set aside, all or a portion of the funds can be used to fund competitive projects.

### **Grant Amendments**

Circumstances or conditions may develop during the course of a project's implementation which could prompt the grantee to request, in writing, an amendment to the grant for reasons other than for additional funding. Accordingly, grantees must obtain approval for amendments in the following instances:

1. if the addition of a new, or deletion of an existing activity or project is proposed;
2. if activities in an area other than the approved target or project area are proposed;
3. if the scope of the existing project or activities will change (i.e., number of beneficiaries);
4. if a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award;
5. in other instances where DHCD determines an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a grant amendment shall provide sufficient information to explain and justify the proposed changes. An amendment to a grant agreement may be subject to the following requirements:

1. additional citizen participation efforts;
2. additional review by the State Clearinghouse; or
3. additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.



A time extension may be granted, generally for one year, when it is determined by the program that as a result of unforeseen circumstances, the grantee will not complete a project by the completion date established in the grant agreement. The time extension is processed internally by the program and is not subject to the requirements of project amendments listed above. The program reserves the right to determine the length of time for the amendment.

### **Housing Projects**

The following program policies and requirements are specific to housing projects funded with CDBG funds:

The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are the existing and active municipal programs with open CDBG housing rehabilitation grants.

When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

There are three policies related to the use of CDBG funds in the development of rental Housing:

1. The use of CDBG funding is restricted to: 1) the acquisition of land in compliance with 49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded; or 3) procurement of construction materials using the jurisdiction's procurement policy.
2. Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining "affordable rents."
3. If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to the subrecipient/developer, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program. Loan funds received by a grantee are considered Program Income and subject to State policies and federal requirements.

### **Local Resolution**

The legislative body of the jurisdiction must pass a resolution authorizing submission of any application that is submitted. It must include the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application. Resolutions authorizing a lesser amount will not be accepted. If submitting more than one application, the Resolution should identify the specific amount of each project. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted.

### **Other Policies and Requirements**

1. Applicants may not submit the same project for funding to both DHCD and DBED simultaneously. However, DHCD and DBED may decide to transfer applications from one department to the other or to jointly fund an application.
2. Applicants for Community Development and Economic Development projects may only seek funding for projects that meet the national objectives of low and moderate income benefit and for the prevention/elimination of slum and blight. Applicants seeking funds for projects that would meet the national objective of meeting an urgent need should contact CDBG program staff to determine if their project qualifies. If it is determined that it qualifies, the application would be considered under the Special Projects category. Supplemental pages would be provided for the applicant to complete regarding urgent need projects.
3. When applications are transferred from one department or category to another, projects are reviewed against the criteria for the particular category to which they are transferred.
4. DHCD and DBED reserve the right to negotiate with the applicant for elimination of certain portions of the proposed project which do not make a strong contribution and/or for reducing the grant amount, and for the determination of payment terms and schedules when loans are involved.
5. Grants generally are awarded for a twenty-four (24) month period, except planning grants, which are expected to be completed in twelve (12) months. *The grant period is related to the expenditure of the grant funds only.* No formal amendment is required for the additional time necessary for a grantee to satisfy a national objective or to satisfy corrective actions related to monitoring findings or matters of concern. One twelve-month time extension is granted only in extenuating circumstances. Further extensions are granted only where circumstances are beyond the grantee's control.

### **Recapture and Repayment of Funds**

Any funds recaptured through grant cancellation, repayment due to monitoring findings, or completion of an activity at a cost savings will be returned to the category from which they were awarded. These funds will be available for redistribution to eligible projects. Funds may be transferred to another category or set-aside with the concurrence of the program administrator or the agency, if applicable. DHCD may retain eligible amounts of repaid or recaptured funds for State administrative and technical assistance costs.

### **Program Income**

Program Income is defined as gross income received by the grantee, subrecipient, developer or business directly generated from the use of CDBG funds. It includes, but is not limited to, the following:

1. proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
2. proceeds from the disposition of equipment purchased with CDBG funds;
3. gross income from the use or rental of real or personal property acquired by the recipient or a sub-recipient with CDBG funds, less the costs incidental to the generation of the income;
4. gross income from the use or rental of real property owned by the recipient or a sub-recipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;
5. payments of principal and interest on loans made using CDBG funds;
6. proceeds from the sale of loans made with CDBG funds;
7. proceeds from the sale of obligations secured by loans made with CDBG funds;
8. interest earned on funds held in a revolving loan fund account;
9. interest earned on program income pending disposition of the income;
10. funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All funds must be returned to the State unless the grantee has an approved *Program Income Re-Use Plan*. The State may use three percent of any program income returned to the State or received and retained at the local level during the program year for administration.

A *Program Income Re-Use Plan*, which includes a description of the proposed method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD or DBED, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD with regard to the re-use of income and if:

1. the program income is targeted for an eligible CDBG activity that meets a national objective and for which DHCD or DBED has given approval; or
2. the program income is targeted for use for the "same activity." "Same activity" is defined as one with the same purpose and same location as the activity generating the program income; and
3. completion of the proposed activity will meet time constraints established by DHCD.

Upon the written instructions of DHCD or DBED, a grantee and any subrecipient shall permit an



authorized agent of DHCD to collect, distribute, or in any other manner deal with program income in accordance with such written instructions.

Program income received by the State will be distributed in an expeditious manner for activities in the same category and/or set-aside from which it is derived unless it is transferred to another category or set-aside with the mutual concurrence of both agencies. The distribution will be in accordance with the criteria and method of distribution for the category as set forth in the Consolidated Plan. Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State and ending with the following year's grant award date is considered to be covered by the current Consolidated Plan.

Additionally, the State is receiving program income from loans made from a federal CDBG Disaster Grant that was awarded after Hurricane Isabelle. The CDBG funds were used by DHCD to make loans to homeowners who suffered major damage to their homes during the hurricane. The loan repayments made to the State are considered to be program income and can be used by DHCD upon the accumulation of a significant amount. The State may use two percent of any program income returned during the program year for administration. These funds will be used to supplement either the Community Development or Special Projects and Planning categories.

### **CDBG Monitoring**

Every CDBG grant is monitored at least once during the lifetime of the project. DHCD staff perform a risk analysis of each grant to determine when it should be monitored. Prior to monitoring, staff provide training and technical assistance to grantees to assist them with implementing their grant and how to comply with the various state and federal regulations. DHCD is responsible for the monitoring of all CDBG funded projects regardless of the funding category.

Monitoring of planning grants is accomplished through a desk monitoring in which grantees submit a completed checklist and supporting documentation. All other CDBG grants are monitored through a visit to the grantee and review of the records on-site. Monitoring of a grantees' capacity to meet compliance, project performance and national objective requirements includes an assessment of the following:

- Overall CDBG management structure;
- Internal procedures and controls;
- Capacity to track projects and activities from the planning stage through applicable major milestones (e.g., release of funds, contract bid and award, etc.) to completion;
- Consistency of the implemented project with the approved plan (as reflected in the grant application, Grant Agreement, and any amendments);
- Capacity of the grantee (and/or its subrecipients or developers) to ensure compliance with the relevant programmatic and compliance requirements.

24 CFR 570.490 and 24 CFR 570.506 describe the Federal record-keeping requirements in general terms. In addition, the Grant Agreement provides additional guidance to grantees on records to be maintained. At a minimum, the grantee's records must provide a full description of each activity assisted, including its location, the amount of funds budgeted, obligated and

expended, and the category of eligible activity(ies) being undertaken (pursuant to Subpart C of 24 CFR 570). The records must also be sufficient to document compliance with all other applicable State and Federal requirements. Grantees must have the capacity to provide the various reports periodically required by DHCD, particularly those specified in Exhibit D of the Grant Agreement. The CDBG project records must be maintained for a period of five years after the close-out date of the State CDBG grant from HUD; in the event of litigation, claims, or other unresolved legal or audit issues, however, the five-year period is extended.

The on-site review typically will involve the following types of activities:

- Interview grantee's management, program, and administrative staff (and/or those of their subrecipients, as relevant).
- Inspect project sites, both for completed and on-going CDBG activities.
- Conduct a review of the project records.

DHCD staff must review the files of the grantee to determine whether adequate documentation is being maintained to show compliance with the applicable Federal and State requirements. This review will also include the files of a subrecipient, developer or business if applicable. In regard to the local record-keeping system, the Reviewer should, at a minimum, look for the following:

- The record-keeping system should be divided into categories that logically correspond to the key components and compliance areas of the project (e.g., citizen participation, environment review, documentation of national objectives, etc.); it should be updated regularly, and maintained in an orderly manner.
- Files should be maintained by the grantee as the responsible party. The designated CDBG contact person is to ensure that any other parties involved with the grant provide copies of all relevant documents to be included in the "master files." All CDBG files must be secure and safeguarded.
- The records must be easily accessible to appropriate and authorized grantee (or subrecipient) staff, as well as State and Federal officials or their designees (e.g., the files may not be kept in someone's home or automobile).
- The files must contain adequate source documentation.

As part of their review, DHCD staff complete checklists to document their review and conclusions concerning projects and activities. A report is issued which discusses project progress and the grantee's compliance or lack of compliance with required state and/or federal requirements. Staff may issue findings or matters of concern and provide the grantee with appropriate corrective action.

A written report is issued to the Chief Elected Official within 60 days of the visit. The report stipulates the required corrective actions and the time frame for completion. Follow up continues until all findings and matters of concern are adequately addressed and resolved.

### **Suspension of Method of Distribution for Presidential Disaster Declarations**

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall

have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the CDBG program.

### Performance Measures

HUD asks grantees to assign prospective HUD performance measures to the activities it expects to undertake. The table below shows how projected activities that will be undertaken through the CDBG program in the coming year will act in accordance with HUD's performance measures:

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM			
FFY 2013 Consolidated Plan Estimated Project Results			
Outcomes and Objectives *	Performance Indicators	Estimated Project #s	Activity Description
SL-1	New or improved access to public facilities	3	Construction or renovation of centers serving various populations
SL-1	New or improved access to infrastructure	5	New or improvements to sidewalks, bridges or streets
SL-3	New or improved access to infrastructure	6	New or improvements to public water and sewer systems
SL-3	Creating suitable living environment	1	Demolition of blighted property
DH-2	Providing decent housing	1	Housing rehabilitation programs for LMI households
DH-2	Creating affordable housing	3	New housing construction and renovation of housing for LMI households
DH-2	Providing access to housing	1	Temporary housing relocation assistance
* Grantee should use one of 9 outcome/objective categories below:			
	Availability/Accessibility	Affordability	Sustainability
<b>Suitable Living Environment</b>	SL-1	SL-2	SL-3
<b>Decent Housing</b>	DH-1	DH-2	DH-3
<b>Economic Opportunity</b>	EO-1	EO-2	EO-3



### HOME INVESTMENT PARTNERSHIP PROGRAM

Maryland will use the majority of its HOME funds in conjunction with ongoing State programs to fill gaps in State funding, make projects feasible and increase the number of low-income persons to be served in State-funded projects. HOME funds will be used in conjunction with projects utilizing any combination of State appropriated and bond-issued funds, or low-income housing tax credits administered by the Community Development Administration (CDA). CDA's Single Family Housing Programs consist of the Homeownership Programs and Special Loans Programs units; and the Multifamily Housing Programs consist of the Housing Development Programs, Rental Services Programs and Contract Administration Unit.

#### **HOME FUNDING ALLOCATION**

DHCD expects to receive an allocation of \$4,093,567 in HOME funding during the coming year, as well as an estimated \$1,000,000.00 in program income, for total funding of \$5,093,567. DHCD expects to use the funds as follows:

<b>STATE OF MARYLAND HOME ALLOCATION - FFY 2012/SFY 2013</b>	
Multifamily Housing Programs	\$ 2,000,000
Single Family Housing Programs	\$ 1,079,532
HOME Initiatives	\$400,000
CHDO Operating Assistance	\$ 204,678
Administrative Fees^	\$ 409,357
<b>TOTAL</b>	<b>\$4,093,567</b>
<i>CHDO Set Aside*</i>	\$614,035

\*As required by federal law, a minimum of 15 percent of the State's formula HOME allocation, or \$614,035 will be reserved for use by Community Housing Development Organizations (CHDOs). Included within that amount, up to 10 percent, or \$61,403.50 may be used for predevelopment costs for CHDOs. The required set aside(s) will be met within the HOME program uses as set forth in the above table.

^The amount shown for administrative fees includes 10% of the FFY2012 regular HOME allocation.

As noted above, In addition to the regular HOME allocation, DHCD expects to receive about \$1,000,000.00 in HOME program income in the coming year. This estimate is based on historical amounts received over the last three federal fiscal years. Though refinances of HOME loans have slowed we anticipate payments from loans currently in the portfolio to help maintain our program income receipts at last year's level. HOME program income is required to be spent on a "first come, first served" basis. Due to the significant reduction in FFY12 HOME Funding DHCD has elected, effective July 1, 2012, to use the 10% of program income received for administrative costs as allowed under HUD regulations.

The State will administer HOME funds allocated to State programs by directly funding projects which receive State resources and by competitively allocating funds directly to projects or programs proposed by local governments, nonprofit organizations, and housing sponsors and developers. HOME funds may also be used in conjunction with the Community Legacy Program. HOME funds may also be used to refinance existing debt under HUD guidelines.

HOME funds may be requested by sponsors and/or local governments as part of a project application. CDA staff may also propose the use of HOME funds during project underwriting. HOME funds will be awarded to projects either as individual projects or as part of a financing package. All projects using HOME funds are presented to DHCD's Housing Finance Review Committee (HFRC) with the exception of Star Loans for less than \$ 100,000.00.

In addition, HOME funds will be awarded where possible to stimulate new ideas and projects that meet the needs identified in the Consolidated Plan. These HOME Initiatives funds will be used for new and creative ideas worth testing, model pilot programs and projects and activities not permitted within regular State programs or for which there is no State funding. Funds for Initiatives projects will be allocated in competitions with at least one round of awards each year. Awards will be made using a priority ranking system with criteria including:

- **Project readiness**
- **Extent that the project addresses documented needs**
- **Preference for projects which include local government resources**
- **Local and community support for the proposed activity**
- **Demonstrated capacity**
- **General geographic distribution, with highest points for projects located in designated growth/revitalization areas.**
- **Preference for CHDOs with CHDO eligible activities**
- **Preference for nonprofit organizations, local governments and joint venture partnerships**
- **Preference for lowest income served,**
- **Preference for longest term low-income occupancy, and**
- **Performance and disbursements on prior HOME awards**
- **Require any units acquired, rehabilitated or newly constructed for resale must have a pool of pre approved buyers prior to approval of project**

The beneficiaries to be served are very low-income renters, homeless persons, persons with special needs, low-income renters, very low-income homeowners, and low-income homeowners.

### **Funds Transfer**

The HOME funds to be used in conjunction with on-going DHCD housing programs and the HOME Initiatives Program will be allocated to these uses for up to eight months. After that time, unencumbered funds may be moved to any other HOME uses to meet additional demand for funds or for special projects, including the Community Legacy Program.

### **Geographic Areas for Use of State HOME Funds**

The State will primarily use its funds in HOME non-participating jurisdictions. However, in some instances HOME funds can be used in participating jurisdictions, typically when funds are not used by non-entitlement areas and are at risk of being lost. There are six local participating jurisdictions within the State which have their own HOME funds. They are Baltimore City, and Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties. State



HOME funds for the non-participating jurisdictions are restricted to PFAs except as outlined in the geographic targeting discussion provided earlier in the Plan.

### **Community Housing Development Organizations (CHDOs)**

The State of Maryland will reserve not less than 15 percent of its HOME allocation for use by CHDOs. Within the CHDO set-aside, 10 percent may be used for project specific technical assistance and pre-development costs for nonprofit organizations. Although the set-aside above the minimum requirement by law is not provided for nonprofits, nonprofits will be given additional preference in the competition for funds. In addition, up to 5 percent of the State's HOME allocation may be made available for operating expenses of CHDOs in lieu of the retention of CHDO proceeds.

The set-aside for use by CHDOs will be administered in the same manner as other HOME funds, that is, they will be awarded either as part of the existing program funding or through the HOME Initiatives competition process except HOME Seed Money and Technical Assistance loans which are funded on a first-come, first-serve basis as described in the next paragraph. It is anticipated that CHDOs will use funding for acquisition, moderate and substantial rehabilitation and construction of housing for low and moderate-income persons. The State does not anticipate any barriers to utilizing the CHDO set aside; however, if funding is being committed more slowly than necessary to use the required amount, extra measures will be taken to promote the use of the set-aside. The measures will include aggressive marketing for applications, expedited processing and ultimately, if need be, reservation of the balance of uncommitted HOME funds solely for projects that meet the required set-aside.

The funds set-aside for project-specific technical assistance and pre-development costs will be administered by CDA. CDA will solicit participation by potential CHDOs and will certify CHDO eligibility by determining that applicants meet the criteria outlined in the HOME program regulations. Certified CHDOs will be eligible for HOME Seed Money and Technical Assistance loans. A CHDO may apply to use HOME funds to pay reasonable and customary pre-construction costs of a project. All costs must be related to a specific project, which, if deemed feasible, would be eligible to receive HOME funds for development. HOME Seed Money and Technical Assistance loans will be provided to CHDOs on a first-come, first-served basis. The loans will be zero percent interest with deferred principal. Repayment will be due at settlement of the construction or permanent loan. If a project is determined to be unfeasible then CDA has the option to forgive the Seed Money/Technical Assistance loans. CDA has developed loan documents consisting of a Loan Agreement and a Promissory Note, and funds will be released upon execution of loan documents with CDA.

All CHDO funds awarded are predicated upon re-certification at time of award and all HUD requirements being met at that time.

### **Guidelines for Homeownership Assistance**

The State of Maryland will use HOME funds to assist individuals and families purchasing units in approved single family housing projects. HOME funds will reduce the cost of buying affordable housing in conjunction with the State administered first mortgage programs and through projects approved under the Initiatives Program. Households with incomes at or below



55 percent of the Statewide median for a family of four will be targeted. The State has elected to recapture the HOME Investment if the property is sold within the affordability period.

### **Definition of Modest Housing**

Homeownership units assisted with HOME funds must be “modest housing”. The State defines housing to be modest if the sales price (when a property is purchased) or the after-rehabilitation value (when a homeowner property is rehabilitated) does not exceed 95% of the median sales prices for housing in the area or per the FHA Section 203(b) pre-Economic Stimulus Act single family mortgage limits. (NOTE: If proposed regulations are approved then this definition will follow the new HUD requirements.)

### **Form of Subsidy**

HOME funds will be used in homeownership programs to directly assist the home buyer with down payment and closing costs or to reduce the sales price of the home by providing a deferred payment mortgage. HOME funds may be provided to developers to reduce the cost of land or development costs, the benefits of which would be passed on to the homebuyer. If HOME funds are provided in the form of development subsidies, the resale requirements pursuant to Section 92.254(a) (5) (i) must be imposed.

### **METHOD TO ENSURE COMPLIANCE WITH RECAPTURE REQUIREMENTS**

Pursuant to Section 92.254(a)(4)(ii) of the regulations, the State has selected the option to recapture the full HOME investment from the net proceeds of the sale of a house which was purchased with the assistance of HOME funds. Recapture may only be made if there are sufficient net proceeds. The net proceeds from the sale of a house will be distributed as follows:

- 1) a) To pay the balance due on any superior loan and to pay any required closing costs;  
b) To pay the HOME funds, subject to (2) below;  
c) To pay the balance due on any subordinate loan;  
d) To repay the homeowner for the amount of any homeowner payments; and  
e) To pay the remaining balance to the homeowner.
- 2) If there are insufficient proceeds from the sale of the house to repay the amount of HOME funds and to pay the homeowner for the amount of any homeowner payments, the State will forgive a portion of the loan made with HOME funds, calculated by multiplying the amount of the HOME loan by the fraction equal to the number of years the homeowner owned and occupied the house times the affordability period, where HOME funds per unit equal:
  - (i) under \$15,000, 1/5 per year
  - (ii) \$15,000 - \$40,000, 1/10 per year; and
  - (iii) over \$40,000, 1/15 per year.

- 3) With respect to loans made with HOME funds to assist homebuyers, "Homeowner Payments" means the following:
- a) The amount of the down payment made by the homeowner on the house;
  - b) The amount of any principal payments or prepayments on any loan on the property; and
  - c) The cost of all capital improvements to the house made by the homeowner.

Additionally, the State will consider more restrictive terms for recapture and forgiveness provided it determines such action is necessary through established underwriting criteria.

HOME funds used to assist homebuyers that are recaptured according to these guidelines will be used to carry out other HOME eligible activities.

#### **Legal Method**

Covenants describing the recapture restrictions will be included in the recorded loan documents to ensure that the HOME funds will be recaptured at the time of transfer or refinance of the HOME-assisted unit.

#### **Tenant Based Rental Assistance**

The State of Maryland will use HOME funds for tenant based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of disaster. Rental assistance programs through the Initiatives Fund will select households to receive assistance in accordance with written tenant selection policies and criteria. In addition, if families selected are currently residing in units that are designated for rehabilitation or acquisition under the HOME program, they will not be required to meet the written tenant selection policies and criteria. Families so selected may use the tenant-based assistance in the rehabilitated or acquired unit or in other qualified housing.

### **TYPES OF INVESTMENT BY THE STATE OF MARYLAND IN THE HOME PROGRAM**

Maryland expects primarily to invest funds in projects through interest bearing, non-interest bearing loans and possible grants when needed. Depending on the circumstances of each project, the State may use other forms of subsidies including equity investments, interest subsidies consistent with the purposes of this program, and deferred payment loans with or without interest.

#### **HOME Matching Fund Requirements**

The State will provide HOME match through DHCD's Rental Allowance Program which is funded at \$1.7 million.

## **Program Income**

The State may receive program income from time to time as a result of the prepayment of loans or from debt service payments. Any program income received will be used in accordance with the requirements of 24 CFR Part 92.

## **HOME Monitoring**

Two offices within Maryland's Department of Housing and Community Development are responsible for monitoring housing loans and grants made by the Department with both State and federal (including HOME) funds. The office of Multifamily Housing Programs in the Division of Development Finance is responsible for income monitoring of tenants. The Asset Management unit in the Division of Credit Assurance is responsible for monitoring the physical and financial condition of DHCD-financed properties, including those assisted with HOME.

Multifamily Housing performs annual audits and reviews of grantees in the delivery of rental subsidies, as well as annual audits for compliance with tenant income and rent restrictions of properties with HOME funding. Multifamily Housing will perform additional audits, if needed, to ensure that problems are corrected. Multifamily Housing and grantees are subject to HUD audits. Reviews and audits will ensure that all State and federal regulations are being followed.

Asset Management undertakes physical inspections of DHCD-financed properties, as well as ensuring the financial stability of loans and assets management by the Department. Generally, Asset Management is responsible for conducting annual inspections on all properties for which the original loan amount was \$750,000 or greater and all HUD insured and subsidized projects. Inspections are conducted every two years on properties with original loan amounts between \$350,000 and \$750,000. Inspections are conducted every three years on projects whose original loan amount was less than \$350,000, but more than \$75,000. On multifamily loans of less than \$75,000, no inspection is conducted by DHCD. Some inspections may be completed by the Contract Servicer.

In addition, annual physical inspections are performed on projects that do not meet **all** of the following criteria:

- The loan is current and has not been delinquent in the prior twelve months.
- The debt service coverage ratio for the loan including any superior debt, if applicable is greater than 1.0.
- Vacancy is less than 10%.
- There are no significant outstanding violations of the Regulatory Agreement or other loan or program requirements.
- The project does not exhibit deferred maintenance. Deferred maintenance is defined as a condition exhibiting the continued failure by a management agent or an owner to perform routine or day-to-day tasks associated with the repair or upkeep of the property.
- The project received a Satisfactory or better rating on its most recent physical inspection and administrative review by Asset Management.
- The surrounding market is stable or appreciating.



### ON-SITE MONITORING FOR HOME-ASSISTED PROJECTS

On-site monitoring is conducted to ensure that HOME-assisted projects are operated in compliance with the HOME regulations. On site monitoring responsibilities are conducted in accordance with the HOME regulations. Inspections of HOME-assisted rental units are scheduled as follows:

Number of Total Units in HOME-assisted Projects	Required Frequency of Inspections
1-4	Every 3 years
5-25	Every 2 years
26 or more	Annually

The on-site monitoring elements include:

- maintenance of appropriate records;
- evidence that the property's written tenant selection policy has been followed;
- acceptable lease documents;
- evidence of affirmative marketing and conformance with fair housing policies;
- review of rent adjustments;
- review of treatment of rents for tenants who no longer qualify as low-income families;
- review of corrective procedures dealing with temporary noncompliance caused by increases in the incomes of existing tenants;
- ensure compliance with the written agreement between the owner and DHCD;
- physical inspections for compliance with property standards; and,
- verification of accuracy of information submitted by owners on eligible tenant incomes and HOME rents.

Initiatives activities are monitored for compliance with Program requirements by HOME Program staff during the term of the agreement.

### Suspension or Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State regulations for the HOME program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the HOME program.

### HOME Performance Measures

As part of its desire to implement performance measures, HUD asks grantees to assign measures to activities they expect to undertake. The table below shows how projected HOME activities will correspond with HUD's Performance Measurement system:

HOME INVESTMENTS PARTNERSHIP PROGRAM			
FFY2012 Annual Action Plan Planned Project Results (HOME Program)			
Outcomes and Objectives*	Performance Indicators	Expected Number	Activity Description
DH – 2	Number new/rehabilitated units available to low income households	20	Assistance to Rental Housing Development
DH – 2	Number of existing units bought to code	13	Housing rehabilitation assistance to low income households
DH – 2	Number of households receiving down payment/closing cost assistance	30	Assistance to low income homebuyers
*Grantees should use one of 9 outcome/objective categories below			
	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

#### EMERGENCY SOLUTIONS GRANTS (ESG) PROGRAM

The Emergency Solutions Grants (ESG) Program provides funds to prevent homelessness, to assist in the costs of street outreach activities, to assist in the costs of operating emergency shelters, to rapidly rehouse the homeless with financial support, and to provide certain essential, direct client services to homeless individuals. Such assistance is designed to assure that homeless persons and those at risk of homelessness have access not only to decent, safe and sanitary shelter, but also to the supportive services needed to improve their situations.

For SFY 2013 (FFY 2012), Maryland's allocation for the 17 non-entitlement counties, 1 nonprofit and four municipalities of the State is \$1,089,670 under the ESG program. DHCD staff met with representatives of the CoCs that receive funding from the State, and, based on our conversations with them, the State determined ESG funding would be focused on rapid rehousing, homeless prevention, homeless services, and HMIS. DHCD will therefore use ESG funding as follows:

STATE OF MARYLAND ESG ALLOCATION – FFY 2012	
State Administration (6.5%)	\$70,828
Local Administration up to (1%)	\$10,896
All Other – Homeless Services, Homeless Prevention, Street Outreach, Rapid Rehousing, and HMIS Activities (92.5%)	\$1,007,946
<b>TOTAL</b>	<b>\$1,089,670</b>

## **ESG Match Requirements**

ESG funds must be matched dollar for dollar. Match may be provided from Federal, state, local, or private sources, unless the funds are ESG funds from other fiscal years. Match may be in the form of cash as well as in-kind contributions. Cash contributions may come from private sector sources, including donations from individuals, groups, corporations or other private entities, and/or local government. In-kind contributions may include: the value of any donated material or building, the value of the lease on a building, any salary paid to staff of the applicant or nonprofit organization in carryout out the shelter or homelessness program, and the time and service contributed by volunteers to carry out the shelter or homelessness program.

Due to the competitive nature of the State's ESG Program, the State is not able identify the sources of ESG match at the time that the action plan is submitted. The State acknowledges its responsibility to ensure that ESG match contributions are made to the level required by the federal program regulations.

## **Selection Criteria**

To make ESG Program funds available to units of general local government, DHCD conducts an annual competitive round of funding in which eligible local governments are invited to submit applications. Applicants receiving the highest cumulative points will be recommended for funding until all ESG Program funds are exhausted. Funds may be allocated so that the awards are distributed among eligible applicants taking into consideration the level of need in the service area and the capacity of the grant recipient, and sub-recipient if applicable, to conduct the program effectively and administer the grant efficiently. Consideration may be given to the desirability of funding a variety of projects and serving as many geographic areas of the State as possible. Each unit of general local government may submit only one application for up to \$75,000. The application may request funding for one or more projects that is passed through local government applicants to sub grantees consisting of nonprofits and community-based and faith-based organizations that are selected by local government on the basis of their ability to implement viable projects and programs that effectively address one or all of the objectives of the Emergency Solutions Grant. In addition, some of the HMIS activities may be funded under a non-competitive process.

All applications will be reviewed, rated and recommended for funding based on the level of poverty and or homelessness in the jurisdiction(s) being served, as determined by United States Census data, and the following factors. Figures in parentheses indicate the maximum number of points that may be awarded to any given factor. Applicants receiving the highest cumulative points will be recommended for funding until all ESG Program funds are exhausted.

1. **Statement of Homeless Problems This Project Addresses (20)**
  - (a) Projected number and income level of homeless and at risk individuals to be assisted;
  - (b) A description of the need or problem, noting local factors and trends which impact on the level of homelessness, and the extent to which documentation is offered in support of the need or problem; and



- (c) The appropriateness of the applicant's proposed project/activity to address the need or problem.

2. Proposed Project Design (20)

- (a) The feasibility of the project/activity in terms of financing, location and site control and neighborhood/community acceptance;
- (b) The extent to which it is documented that the costs have been carefully estimated and are reasonable;
- (c) The extent to which the amount of matching funds is provided and verified;
- (d) The likelihood of project/activity completion in a timely manner, and
- (e) The extent to which an agency participates in the local Continuum of Care (CoC) and meets the goals and objectives of the CoC.

3. Past Experience/Organizational Capacity (20)

- (a) The extent to which the applicant has the organizational capacity and staff expertise to undertake and administer the project/activity described in the application;
- (b) The extent to which the applicant has been involved in homeless services, homeless prevention, street outreach, and rapid rehousing in the past and the track record indicates these activities have been accomplished in an efficient and effective manner;
- (c) The extent to which the applicant is committed on a long term basis to serving the shelter needs of the homeless; and
- (d) The extent to which the applicant will involve homeless clients in the planning, developing, constructing, renovating, maintaining and operating of homeless facilities and programs.
- (e) The extent to which the applicant has the experience and organizational capacity to maintain and operate the Homeless Management Information System.

4. Supportive Services (20)

The extent to which beneficiaries are given assistance under a continuum of care, facilitating their progress to self-sufficiency, this methodology includes providing assistance in obtaining appropriate supportive services including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living.

5. Additional Considerations (20)

A 100% match is federally mandated, under HEARTH Act. Funding priority will be given for applicants meeting the following additional match stipulations:

- Cash contribution by the local government applicant is strongly encouraged and can be counted as part of the match.

Under federal guidelines the match requirement is waived for \$100,000 of the allocation, and the State is required to pass this waiver on to those grantees least able to afford a match. Therefore, upon program startup DHCD waives all or a portion of the match requirement for those local government grantees in the jurisdictions where residents have the lowest per capita incomes.

### **Program Standards Policy**

#### **System and Program Coordination with Mainstream resources - 24 C.F.R. §576.400 (c)**

Sub recipients must coordinate and integrate, to the maximum extent practicable, ESG funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible. Refer to 24 C.F.R. 576.400 (b) for a list of mainstream resources to coordinate ESG activities.

#### **Centralized or Coordinated Assessment - 24 C.F.R. §576.400 (d)**

HUD is currently developing requirements for the Continuum of Care to establish a centralized or coordinated assessment system. The minimum requirements for these systems will be published in the upcoming proposed rule for the Continuum of Care program. Although this NOFA does not require ESG Sub recipients to use a centralized or coordinated assessment system, Sub recipients will be expected to use such a system once the CoC regulation is published for effect and the Continuum of Care establishes a centralized or coordinated assessment system. A victim service provider may choose not to use the Continuum of Care's centralized or coordinated assessment system. Refer to 24 C.F.R. §576.400 (c) for more details.

#### **Written Standards for Providing ESG assistance - 24 C.F.R. §576.400 (e)**

Sub recipients must establish and consistently apply within the Sub recipient's program, written standards for providing ESG assistance. If an applicant is awarded funds, the selected Sub recipient must provide to the Department a copy of the written standards for providing ESG assistance prior to contract execution. Refer to 24 C.F.R. §576.400(d) for a discussion of the written standards. The standards must include at a minimum:

- Standard policies and procedures for evaluating individuals' and families' eligibility for ESG assistance;
- Standards for targeting for homeless persons and providing essential services related to street outreach;

- Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers listed on 24 C.F.R. §576.400(b) and (c);
- Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and rapid re-housing assistance;
- Standards for determining what percentage or amount of rent and utilities costs each program participant must pay, when applicable, while receiving homelessness prevention or rapid re-housing assistance;
- Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and
- Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to be provided to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant may receive assistance; or the maximum number of times the program participant may receive assistance.

#### **Participation in HMIS 24 C.F.R. §576.400(f)**

Sub recipients will be required to ensure that data on persons served and activities provided under ESG are entered into the applicable community-wide HMIS in the area in which those persons and activities are located, or a comparable database, in accordance with HUD's standards on participation, data collection, and reporting under a local HMIS. Sub recipients are required to enter into an agreement with the local HMIS Administrator for reporting.

If the Sub recipient is a victim service provider or a legal services provider, it may use a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into HMIS or provided to an HMIS administrator.

The comparable database must comply with all current HMIS standards including data information, security, data quality, and processing standards, as established by HUD in its latest HMIS Data Standards guide. Victim Service Providers or Legal Services Providers that are awarded ESG funds must consult with the Continuum of Care and the HMIS administrator for the continuum of care area to ensure that the comparable database uses all the HMIS standards.



### **Evaluation of Program Participant Eligibility and Needs - 24 C.F.R. §576.401**

Sub recipients must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability into permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 24 C.F.R. 576.400(d) and the written standards established under 24 C.F.R. 576.400(e) and all the guidelines outlined on 24 C.F.R. 576.401(a).

Sub recipients must reevaluate the program participant's eligibility and the types and amounts of assistance the program participant needs according to the requirements outlined on 24C.F.R.576.401(a).Furthermore, each program participant receiving homelessness prevention or rapid rehousing assistance is required to meet regularly with a case manager (except where prohibited by Violence Against Women Act (VAWA) and the Family Violence Prevention and Services Act (FVPSA)) and the assistance provider must develop an individualized plan to help that program participant retain permanent housing after the ESG assistance ends. These requirements are intended to help ensure that the ESG-Funded emergency, short-term or medium-term assistance will be effective in helping program participants regain long-term housing stability and avoid relapses into homelessness

### **MONITORING AND EVALUATION**

Monitoring activities include requiring 180 day reports and at least 10 percent of the Service Providers along with the cognizant oversight agency in local government may be monitored on-site annually. The visit may occur during or after the grant period. All grantees will receive at least a two week notice prior to the monitoring visit. The visit will entail reviews of the fiscal and programmatic aspects of the grant as administered by both the grantee and the subgrantee. Grantees and subgrantees will make all ESG records, administrative offices and personnel available upon request during the monitoring visit. Within approximately 60 days after the visit, DHCD will forward a report to the grantee. The report will summarize grant progress and may address concerns and recommendations for further action, as well as findings for corrective action. Local government grantees that contract with non-profit organizations who act as Service Providers shall monitor each such subgrantee to determine project progress and adherence to the sub-recipient sub-agreement. Monitoring reports of the local government's grantees shall be subject to review by DHCD upon request.

### **Suspension of Method of Distribution for Presidential Disaster Declarations**

In the event of a Major Disaster Declaration by the President of the United States for a unit of local government located in the State, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State requirements governing the ESG program to address emergency needs of affected communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the ESG program.

### **ESG Performance Measures**

HUD asks grantees to provide expected Performance Measures for its block grant programs. The table below shows expected measures for the ESG program. Note that the estimated project numbers below are the number of shelters expected to undertake a given activity.

<b>ESG Performance Measures</b>			
<b>2012 ANNUAL ACTION PLAN</b>			
<b>PLANNED PROJECT RESULTS (ESG PROGRAM)</b>			
<b>Outcomes and Objectives *</b>	<b>Performance Indicators</b>	<b>Estimated Project #s</b>	<b>Activity Description</b>
SL-1	Shelter Maintenance/Operation and Essentials	57	Emergency shelter operating costs: utilities, maintenance, appliances, furnishings, security, custodial services, vehicle maintenance and administrative costs.
DH-1	Rapid Rehousing/Homeless Prevention	31	Help homeless people make the transition to permanent housing and independent living.
SL-1	Transitional Housing	3	Safe housing for domestic violence crisis, short term placement in hotels or transitional apartment housing.
SL-1	Street Outreach	5	Case management, direct services, client assessments, transportation, mental health, substance abuse and job counseling.
* Grantee should use one of 9 outcome/objective categories below:			
	<b>Availability/Accessibility</b>	<b>Affordability</b>	<b>Sustainability</b>
<b>Decent Housing</b>	DH-1	DH-2	DH-3
<b>Suitable Living Environment</b>	SL-1	SL-2	SL-3
<b>Economic Opportunity</b>	EO-1	EO-2	EO-3

### **HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) PROGRAM**

The Maryland Department of Health and Mental Hygiene (DHMH) is a FFY13/SFY14 grantee of \$388,569 in HOPWA formula funds. These funds support a comprehensive program designed to prevent homelessness and to help low-income people with HIV/AIDS to live independently by providing permanent supportive housing in the rural counties of the state. The funds are intended to cover counties who are not recipients of HOPWA funds from another eligible metropolitan area. These counties include are: Allegany, Caroline, Dorchester, Garrett, Kent, Somerset St. Mary's, Talbot, Washington, Wicomico and Worcester. In addition, the Prevention and Health Promotion Administration (PHPA, formerly the Infectious Disease and Environmental Health Administration) is also the grantee of \$ 672,054 in HOPWA funding on behalf of the City of Frederick, which the State administers on behalf of the City of Frederick to serve persons with HIV/AIDS in Frederick and Montgomery Counties.



In addition to the formula funds DHMH will utilize the HOPWA encumbered funds from fiscal years 2011 and 2012 totaling \$1,243,518.10 to expand programming. If approved, the encumbered funding will allow DHMH to fill in housing gaps, which would not be available under the HOPWA formula funds.

In order to address the health care needs of persons living with HIV/AIDS, stable and supportive housing is critical. The HOPWA Program is part of Maryland's statewide plan to address the housing needs of low-income people with HIV/AIDS and their families. It complements the Ryan White Part B programs and State funded HIV Programs that are currently operating in the rural areas of the state. The program combines HOPWA funded Tenant Based Rental Assistance (TBRA) and a new category Short Term Rent, Utilities and Mortgage Assistance (STRMU) with support services funded through Ryan White Part B and State funds. The non-HOPWA-funded support services include: case management, primary medical care, treatment adherence and emergency financial assistance. This combination allows persons with HIV/AIDS to live independently in HUD-funded permanent supportive housing programs.

### **Needs Assessment**

The most recent statewide needs assessment for HIV services (completed in 2009) revealed limited housing stability was the greatest area of need faced by HIV-positive Maryland residents. The needs assessment results ranked transitional housing/shelter, long-term rental assistance, and other housing needs, as the three most inaccessible housing-related services. The assessment also, revealed that Marylanders who are living with HIV view stable housing as a fundamental means of success in the lives of persons with HIV/AIDS. Many struggle with co-morbid conditions that make the tasks of daily living even more challenging. Without stable housing, stress levels increase further compromising already fragile immune systems. Individuals are exposed to chaotic housing shelters or the uncertainty of life on the streets. Essential nutritional needs are easily neglected or forgotten. Coordination between health and social services is improving; some people living with HIV/AIDS (PLWHA) have reported having to choose between attending medical appointments and standing in line to assure a place in a housing shelter for the night. Complex treatment regimens become more difficult to monitor and are frequently derailed when faced with unstable living situations. Appointments with health care and human service providers are more likely to be missed or not scheduled at all. Outreach workers are less likely to be able to find their clients in order to offer ongoing support and treatment. Ryan White-funded housing providers and HOPWA-funded providers share two goals: to increase permanent, affordable housing resources for individuals and families with HIV/AIDS, and to promote integration of supportive service options for people with HIV/AIDS.

In Maryland, the Regional Advisory Committees (RAC) serves as the public advisory planning body that provides input to the State of Maryland in the development and implementation of the State's HIV/AIDS comprehensive plan. The RAC provides an opportunity for community members, providers, hospitals, and health departments interested in HIV/AIDS to network, discuss needs and develop a comprehensive continuum of care and prevention that effectively leverages funding from multiple streams and reduces duplication of resources.

RACs are located in each of the five Maryland regions. The Central, Eastern, and Suburban



RACs meet four times a year, and the Southern and Western RACs meet three times a year. Each RAC includes representatives from PHPA HIV care, prevention and surveillance programs, HIV infected and/or affected community members, providers of services and/or prevention programs related to HIV, representatives from community, government and faith based organizations. All agencies across the State that receive Part B funding to serve individuals living with HIV are required to participate as active members of the RAC in their region. These providers actively enlist the participation of community stakeholders and key informants both infected and affected with HIV. Membership to the RAC is open—anyone who would like to attend is welcome and is able to fully participate in the meetings, Ryan White providers who receive funds from PHPA are required to attend these meetings.

A key role of the RACs is to gain community input on the unique problems, issues, and circumstances of each region about the HIV prevention and service needs of each locality to ensure that the needs of all populations are addressed in the State's Comprehensive Plan. In 2012 PHPA identified that the first integrated plan that addresses the full continuum of HIV services in the state, from prevention, testing, linkage to care, and treatment of persons living with HIV/AIDS (PLWHA) would be completed. The RAC process represented a major part in completing the Comprehensive HIV Plan and Statewide Coordinated Statement of Need (SCSN)

In the current year, the Prevention and Health Promotion Administration (PHPA) is implementing a HOPWA Consumer Satisfaction Survey. The survey is designed to measure the quality of services delivery and the identifiable needs of HOPWA clients. The survey is scheduled to be released spring 2013.

### **Housing Availability**

Historical data supports a lack of affordable decent housing for low-income individuals and families throughout the state of Maryland. In addition, there is a deficiency of housing assistance services. Regardless of HIV status, clients experience long housing wait lists and shortages of beds in existing transitional shelters. Stigma continues to be a major barrier. Landlords often are hesitant to rent to people living with AIDS. Housing availability continues to be an issue for residents in rural areas looking for housing that meets HUD guidelines.

### **Housing Affordability**

With higher costs and minimal funding for housing, clients remain in unstable living conditions. Reduced funding yearly under the formulary grant and no option for applying for competitive funding creates an additional hardship for housing services.

In addition, housing laws now require credit checks for placement and landlords often rely upon credit scores to determine placement and eligibility. Furthermore, security deposits have drastically increased beyond that of the target populations' financial capability.

### **Housing Sustainability**

Needs assessment participants suggested integrating or co-locating HIV support and housing services in housing facilities to assist clients with developing skills needed to sustain stable

housing, including: life skills; medication management; and budget management to assist clients with remaining in housing once located. There is also a need for accurate assessments of a client's readiness for housing. This strategy would build a more comprehensive approach to existing service delivery systems.

### **Demographics of Need**

Maryland's current population of living HIV/AIDS prevalence cases varies by race and ethnicity. Approximately 77.3% African American, 15.2% White, 4.2% Hispanic, 0.5% Asian and 2.7% Non-Hispanic Multiracial.

In the rural regions of Maryland, served by the HOPWA program, African Americans are disproportionately impacted by the AIDS epidemic. Over fifty seven percent (57.1%) of reported cases of people living with HIV in the eight counties on the Eastern Shore are African American, whereas only 15.7% of the population in this area is African American. In the four counties including Frederick County served by HOPWA in Western Maryland, 32.9% of reported cases of people living with HIV are African American; while only 8.1% of the population in this area is African American. In Southern Maryland 68.5% of reported cases of people living with HIV are African American; only 25.4% of the population in this area is African American. HOPWA serves St. Mary's County in Southern Maryland. In Suburban Maryland, 79.0% of reported cases of people living with HIV are African American; only 38.5% of the population in this area is African American. HOPWA serves Montgomery County in Suburban Maryland. Clients who receive Ryan White services are residents of Maryland; are HIV positive; uninsured or underinsured with incomes at or below 400% of the federal poverty level. Using the clients served under the Ryan White program as a reasonable estimate of individuals likely to be eligible for the HOPWA program, there is a disproportionately greater need among African Americans. With clients served under the Ryan White program at 57% African American and the population at 16.77%, there is a difference of 40.23 percentage points between the proportion of African Americans served by the Ryan White program and their representation in the overall population of the counties targeted by HOPWA thereby exceeding the threshold standard of 10 percentage points as designated in the guidance.

### **Current Network of Services**

The Maryland Department of Housing and Community Development (DHCD) provide Tenant-Based Rental Assistance (TBRA) to eligible HOPWA clients. DHCD has considerable experience in providing housing opportunities to low income people and also to those with special needs such as people who are physically disabled, developmentally disabled, deaf and hard of hearing, mentally ill, and those with drug and alcohol addictions. Housing Authority for the City of Frederick provides tenant based rental assistance and supportive services through HOPWA funding. PHPA plans to utilize the HOPWA encumbered funds to create a Short Term Rent, Mortgage and Utilities Assistance program. Housing Authority for the City of Frederick specialty is providing clients with a wealth of housing services to multi-cultural populations. Montgomery County Department of Health and Human Services also provides tenant based rental assistance and supportive services including (TB, STI, Refugee clinics and etc.). PHPA plans to utilize the HOPWA encumbered funds to create a Short Term Rent, Mortgage and Utilities Assistance program. Montgomery County Department of Health and Human Services variety of services provides wraparound method that benefits health and supportive needs of



HOPWA clients. Dorchester Department of Social Services provides housing case management and newly Short Term Rent, Mortgage and Utilities Assistance program for the 7 rural counties. PHPA plans to utilize the HOPWA encumbered funds to partner with Washington Department of Social Services to provide the same services as Dorchester Department of Social Services to additional 4 rural counties. Both agencies background in administering human services programs (food stamps, energy assistance and etc.), serves as a wraparound method that also benefits the health and supportive needs of HOPWA clients.

With Ryan White Part B and State general funding, the local health departments in these counties have been providing case management, medical care, supportive services, and emergency assistance, including short-term rental assistance, to persons with HIV/AIDS for more than 19 years. PHPA monitors the performance of all grant awards to local and state government agencies.

### Strategic Plan

To meet the shortage of affordable housing with available funds, the state HOPWA Program has prioritized HOPWA funding for the following activities: 1) TBRA 2) STRMU and; 3) two regional housing case managers. The Housing Case Manager positions will be housed at the Dorchester County Department of Social Services and Washington County Department of Social Services. Both will work closely with DCHD and case managers at all of the local HIV clinics. Linkages formed with local social service providers throughout the state support the social service needs of persons with HIV/AIDS.

PHPA proposes to maintain the current caseload of households being covered under the grant-funded TBRA activity and expand service with the addition, of a STRMU program, one housing case manager; and additional funding to the Housing Authority for the City of Frederick HOPWA program. This process will be accomplished by continuing the Memorandum of Understanding with DHCD, Dorchester Department of Social Services, Montgomery County Department of Health and Human Services, and Housing Authority for the City of Frederick with the formula HOPWA funds. A Memorandum of Understanding with Washington Department of Social Services will be established utilizing HOPWA encumbered funding. Program expansion will also occur by ensuring vacancies in the TBRA program will be quickly filled. PHPA also proposes to accept new applications for new HOPWA eligible applicants for the STRMU program. The following FY13 allocations are proposed with the new formula funding:

<b>State of Maryland HOPWA Allocation – July 1, 2013 through June 30, 2014</b>	
<b>DHMH – IDEHA</b>	
3% Administrative Cost	\$11,657
<b>Dorchester Department of Social Services</b>	
Housing Case Manager	\$70,106
7% Administrative Cost	\$5,277
<b>Department of Housing and Community Development</b>	
Long Term Rental Assistance	\$280,422
7% Administrative Cost	\$21,107
<b>TOTAL</b>	<b>\$388,569</b>



For the "Frederick/Montgomery" HOPWA program, the Housing Authority for the City of Frederick will provide tenant based rental assistance and supportive services through HOPWA funding. For the Montgomery County service area of this grant, the Montgomery County Department of Health and Human Services will provide tenant based rental assistance and supportive services.

<b>Frederick/Montgomery HOPWA Allocation – July 1, 2013 through June 30, 2014</b>	
<b>DHMH – IDEHA</b>	
3% Administrative Cost	\$20,162
<b>Housing Authority for the City of Frederick</b>	
7% Administrative Cost	\$4,563
Long Term Rental Assistance	\$60,626
<b>Montgomery County Department of Health and Human Services</b>	
7% Administrative Cost	\$41,069
Long Term Rental Assistance	\$545,634
<b>TOTAL</b>	<b>\$672,054</b>

<b>DHMH – PHPA HOPWA Program</b>	
<b>Units of Measurement</b>	<b>EST. Assistance FFY 2013/SFY 2014</b>
Number of persons with HIV/AIDS Assisted, TBRA, Rural Counties	35
Number of persons with HIV/AIDS Assisted, TBRA, Bethesda-Frederick-Gaithersburg Metro District	74

Maryland Department of Health and Mental Hygiene will utilize the HOPWA encumbered funds to expand programming.

<b>State of Maryland HOPWA Encumbered Allocation – July 1, 2013 through June 30, 2014</b>	
<b>Washington Department of Social Services</b>	
Housing Case Manager	\$74,400
7% Administrative Cost	\$ 5,600
Short Term Rent, Mortgage and Utilities Assistance	\$5,000
<b>Dorchester Department of Social Services</b>	
Short Term Rent, Mortgage and Utilities Assistance	\$5,000
<b>Montgomery County Department of Health and Human Services</b>	
Short Term Rent, Mortgage and Utilities Assistance	\$12,000
<b>Housing Authority for the City of Frederick</b>	
Short Term Rent, Mortgage and Utilities Assistance	\$8,000
Additional HOPWA program funding	\$20,000
<b>TOTAL</b>	<b>\$130,000</b>

## **Priorities and Objectives**

Note: Objectives apply to people living with HIV/AIDS; however, HOPWA funds improve the standard of living for the families and dependents of HOPWA consumers as well.

Priority: To assist low income Maryland residents living with HIV/AIDS to achieve housing stability by providing supportive housing, and increasing and improving housing assistance in eleven underserved rural counties including Frederick and Montgomery counties.

## **Other Special Needs**

In the rural areas, HOPWA clients are able to access support services and medical services through county health departments. Each county provides case management and emergency financial assistance. All eligible clients are able to access specialty HIV ambulatory outpatient care through regional seropositive clinics. Other services available through the health department vary according to client needs and priorities services included are: oral health care, transportation, client advocacy, treatment adherence, mental health services, psychosocial support, and health education risk reduction.

Clients are also offered partner counseling and referral services (PCRS) this service is provided to clients at the time of their HIV positive notification. Currently, Maryland is standardizing the integration of PCRS into case management and clinical care throughout the course of disease.

These programs are supported by \$5,179,926 in Part B and State funds. In order to be eligible to receive these funds, a client must be a resident of Maryland, HIV positive and have an income that is 400% of the state poverty level or less. Individuals with HIV/AIDS, if eligible, have access to the Maryland AIDS Drug Assistance Program (MADAP) and the Maryland AIDS Insurance Assistance Program (MADAP Plus). Eligibility criteria include: Maryland residence, income less than 500 %, of the federal poverty level (fpl) not Medicaid eligible, clinical confirmation of HIV infection, and the need for HIV antiretro-viral medications. MADAP Plus provides assistance in paying an individual's RX/Health Insurance premiums if additional eligibility criteria are met.

In 2012, MADAP and MADAP Plus spent over \$57 million State-wide for drugs and Rx insurance cover for over 7,700 Marylanders. For residents in the counties supported by the State's HOPWA Formulary Grant, \$13.7 million was spent on 1,371 individuals who benefited from MADAP and MADAP Plus.

## **Method of Distribution**

In the event that additional HOPWA funds become available to assist new clients, funding will be allocated based on severity of need, family size and possible eligibility for other programs. Prevention and Health Promotion Administration (PHPA) contracts with Maryland Department of Housing and Community Development, Montgomery County Department of Health and Human Services and the Housing Authority of the City of Frederick for the administration of the HOPWA program. These providers were chosen based on their experience in administering

HOPWA funding and their ability to coordinate services with other HIV care providers in their community.

### **Monitoring and Evaluation**

Monitoring activities include regular oversight of program performance through review of quarterly reports of performance measures, a narrative of program successes, challenges, barriers and budget expenditures. Also monitored is the coordination of services between HOPWA and Ryan White-funded programs, such as attendance of HIV case managers at Regional Advisory Committee (RAC) meetings. PHPA also conducts sub-grantee site visits on an annual basis to monitor adherence to programmatic and fiscal standards and guidelines, client confidentiality and the quality and accessibility of services. Areas identified for improvement during the monitoring process may require that agencies develop corrective action plans. The HOPWA Coordinator at the PHPA carefully monitors progress in implementing the corrective action plans. In order to facilitate improvement, PHPA staff will provide technical assistance to sub-grantees, as needed.

The purpose of the program's evaluation plan informs us in various ways. First the evaluation will examine process indicators and quality improvement measures to assess program performance. Second, the evaluation plan seeks to evaluate the outcomes and impact of HOPWA assistance on the housing stability and health status of participating consumers. The data for both evaluation purposes will come from quarterly reports by project sponsors and by targeted qualitative and quantitative data collection.

The outcomes to be measured include:

1. Increased client access to housing related community services and resources (Strategic Plan Objective 1)
2. Funded project sponsors' demonstrated ability to comply with HOPWA, HUD and other housing-related laws and regulations (Strategic Plan Objectives 2 & 3)
3. Funded project sponsors' access to AIDS-related resources and information (Strategic Plan Objective 2)
4. Grantee and funded project sponsors are in compliance with HOPWA and other applicable HUD and housing-related regulations (Strategic Plan Objective 2)
5. HOPWA resources leverage additional AIDS-specific funding needed to address community housing-related needs. (Strategic Plan Objective 4)
6. HOPWA grantee and local partners collaborate to assess housing needs, recognize barriers and identify solutions and achievable strategies (Strategic Plan Objective 4)

### **Consumer/Community Input**

Consumers and providers, including health care professionals, nonprofit organizations, faith based organizations and others, have several opportunities to provide input into how HOPWA funds are expended through both a regional and local basis. Ryan White Part B sponsors regional HIV prevention and care advisory groups around the state. These groups consist of consumers and providers that meet quarterly to discuss changes in the regional HIV care and services priorities and as a venue what is called the Regional Advisory Committee (RAC) meetings. Membership is open to the public and funds are available for transportation and



childcare to reduce consumers' barriers to participation. Project sponsors receiving HOPWA funds are required to attend these meetings each quarter. HOPWA recipients are also invited to attend as service consumers. The majority of HOPWA consumers also receive Ryan White funds. All Ryan White funded-agencies, including local health departments, conduct annual client satisfaction surveys to obtain consumers' feedback on the services they have received at that site.

### HOPWA Performance Measures

HUD asks HOPWA grantees to assign performance measures for each of the block grant programs for which they receive funding. The State will continue using HOPWA funds to carry out Tenant Based Rental Assistance activity under measure DH-2. Short Term Rent, Mortgage and Utilities Assistance activity will fall under measure EO-1.

HUD TABLE			
2013 ANNUAL ACTION PLAN PLANNED PROJECT RESULTS (HOPWA PROGRAM)			
Outcomes and Objectives *	Performance Indicators	Estimated Project #s	Activity Description
DH-2	Tenant Based Rental Assistance	1	Housing Activities focused primarily on making housing more affordable – Tenant Based Rental Assistance
EO-1	Short Term Rent, Mortgage and Utilities Assistance	1	Activities focused primarily on providing short term intervention to maintain stable living – Short Term Rent, Mortgage and Utilities Assistance
* Grantee should use one of 9 outcome/objective categories below:			
	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

### PUBLIC COMMENTS

#### First Set of Public Hearings

At the first set of public hearings, there was some discussion in Cumberland regarding lack of knowledge about programs for individuals with disabilities, specifically programs that help individuals with disabilities purchase houses, or rehabilitate housing for ownership or rental purposes. During the discussion, it was noted that DHCD currently operates a number of programs to help individuals with disabilities rehabilitate their homes, including programs such as the Maryland Housing Rehabilitation Program (MHRP) and the Accessible Housing for Seniors program. In addition, the Department also operates a homeownership program specifically targeted to individuals with disabilities (the Homeownership for Persons With

Disabilities Program). Some of the persons making comments were aware of these programs, however, there was some discussion about whether there should be more marketing for these programs as the number of loans closed was relatively small. After the hearings, there was an internal discussion with the DHCD program offices, and the reason the programs are not more heavily marketed. The upshot was that the programs under discussion are already fully subscribed, that is, all funding is already used. Therefore, it was felt more extensive marketing was not needed since funding was not available to finance additional homeownership or rehabilitation loans and we could not undertake additional activities.

### **Second Set of Public Hearings**

None at this time

### **Written Comments**

None at this time

## **APPLICATION FORMS**

The forms on starting on page \_\_\_\_ (NOT PROVIDED IN DRAFT) are financial forms (HUD Form 424) which serve as part of the State's applications for funding to HUD for the CDBG, HOME, ESG and HOPWA programs.

## **CERTIFICATIONS**

The legal certifications on page \_\_\_\_ (NOT PROVIDED IN DRAFT) are certifications of programmatic activities the State promises to undertake in accordance with legal requirements for administering the HOME, CDBG, ESG and HOPWA programs.